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4-289A045

No.

Date OCT. 15, 1984

Fee \$... 10.00

ICC Washington, D. C.

GT

Grand Trunk Western Railroad Co.

Law Department

131 West Lafayette Blvd.

Detroit, Michigan 48226

(313) 962-2260

October 12, 1984

File: 352

Mr. James H. Bayne
Interstate Commerce Commission
Room 2215
12th & Constitution Ave., N.W.
Washington, D.C. 20423

4447
RECORDATION NO.

OCT 15 1984 10 32 AM

Dear Mr. Bayne:

INTERSTATE COMMERCE COMMISSION

Enclosed for recordation with the Interstate Commerce Commission pursuant to 49 USC §11303 are counterparts of a Master Equipment Lease, dated as of October 1, 1984.

The parties to the agreement are

Lessor: Willis-Jenkins, Inc.
1111 Lake Cook Road
Suite 225
Buffalo Grove, IL 60090

Lessee: Grand Trunk Western Railroad Co.
131 W. Lafayette Blvd.
Detroit, Michigan 48226

The equipment subject to the agreement are 100 reconstructed 60-foot, 70-ton roller bearing hi-cube box cars, bearing road numbers in the series GTW 384000-384099, both inclusive.

Also enclosed is our check No. 1059 in the amount of \$10.00.

Please accept one counterpart of the document for filing, stamp the remaining with your recordation number and return them and your fee receipt to the courier.

Sincerely,

Mary P. Sclawy
Senior Attorney

MPS:mg
Enclosure

ICC OFFICE OF
THE CLERK
OCT 15 1984 10 32 AM
MAILING UNIT

*Countersigned
Mr. Stanko*

14447
RECORDATION NO. Filed 1425

OCT 15 1984 10 12 AM

INTERSTATE COMMERCE COMMISSION

MASTER EQUIPMENT LEASE

Dated as of October 1, 1984

between

WILLIS-JENKINS, INC.,
as Lessor

and

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Lessee

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MASTER EQUIPMENT LEASE

THIS MASTER EQUIPMENT LEASE DATED AS OF October 1, 1984 (the Lease) between Willis-Jenkins, Inc., an Illinois Corporation (the Lessor) and Grand Trunk Western Railroad Company, a Michigan and Indiana Corporation (the Lessee).

W I T N E S S E T H:

SECTION 1. Definitions; Construction of References.

In this Lease, unless the context otherwise requires:

(a) All references in this Lease to designated Sections and other subdivisions are to designated Sections and other subdivisions of this Lease, and the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Section or other subdivision.

(b) The terms defined in this Section or elsewhere in this Lease shall, for purposes of this Lease and all Exhibits hereto, have the meanings assigned to them in this Section or elsewhere and include the plural as well as the singular.

(c) Except as otherwise indicated, all the agreements or instruments herein defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms thereof.

(d) Neither the Lessor nor the Lessee intends for the transactions contemplated by this Lease to be deemed a "Finance Lease" within the meaning of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended through the date hereof (Code).

(e) The following terms shall have the following meanings for all purposes of this Lease:

Abatements shall have the meaning set forth in Section 10 hereof.

ACRS Deductions, ADR Deductions and Investment Tax Credit shall have the meanings set forth in Section 22 hereof.

After-Tax Basis shall mean the amount calculated by adjusting the payment due to reflect the Federal, state or local, if applicable, tax impact on the receiver of such payment, either increasing such payment to reflect such taxes due on its receipt and/or decreasing such payment in consideration of the savings of any such taxes which have been or will be realized from the expenditure for which such payment is compensation.

Appraisal shall mean a procedure whereby three appraisers, none of whom shall be a manufacturer of the Item of Equipment for which appraisal is required, shall determine the item in question. One appraiser shall be

chosen by the Lessee and one by the Lessor. The Lessor or the Lessee, as the case may be, shall deliver a written notice to the other party appointing its appraiser within 15 days after receipt from the other party of a written notice appointing that party's appraiser. A third appraiser shall be chosen within 5 days thereafter by the mutual consent of such first two appraisers. The decision of the three appraisers so appointed and chosen shall be given within 10 days after the selection of such third appraiser and, upon receipt of such decision, the item in question shall be definitively determined by averaging the respective decisions of all three appraisers, and thereafter such average shall be binding and conclusive on the Lessor and the Lessee. The fees and expenses of the three appraisers shall be borne by the Lessee.

Basic Rent, Basic Rent Date, Supplemental Rent and Rent shall have the meanings set forth in Section 4 hereof.

Business Day shall mean any day other than a Saturday or Sunday or other day on which banks in the cities of Chicago, Illinois or Detroit, Michigan are authorized to close.

Casualty Value shall have the meaning set forth in Section 13 hereof.

Certificate of Acceptance shall mean the document representing the Lessee's acceptance of each Item of Equipment, which shall be in the format attached as Exhibit A hereto.

Claims shall have the meaning set forth in Section 21 hereof.

Closing Date shall be any date on which the Lessor is to pay in respect of any Item of Equipment the Total Invoice Cost thereof.

Code shall have the meaning set forth in Section 1 hereof.

Consolidated Group shall have the meaning set forth in Section 7 hereof.

Date of Acceptance shall mean with respect to any Item of Equipment, the date on which such Item was accepted under this Lease as evidenced by the Certificate of Acceptance therefor.

Default shall mean an event which, after the giving of notice or lapse of time, or both, would mature into an Event of Default.

Equipment (individually an Item or Items of Equipment), Builder, Date of Lease, Estimated First Delivery Date, Estimated Final Delivery Date, Estimated Lessor's Cost, Hulk Purchase Price, Reconstruction Cost, Late Payment Rate, and Equipment Marking, shall have the meanings with respect to the Equipment as set forth in Exhibit B hereto.

Disallowance shall have the meaning set forth in Section 22 hereof.

Event of Default shall have the meaning set forth in Section 23 hereof.

Expiration Date shall mean March 1, 1993.

Fair Market Value of an Item of Equipment shall be determined on the basis of, and shall mean the amount which would be obtainable in, an arm's-length transaction between an informed and willing buyer (other than: (i) a lessee currently in possession, or (ii) a used equipment dealer) under no compulsion to buy and an informed and willing seller under no compulsion to sell, and in such determination costs of removal from the location of current use shall not be a deduction from such value and all alternative uses in the hands of such buyer or user, including without limitation, the further leasing of such Item of Equipment, shall be taken into account in making such determination. If the Lessor and the Lessee are unable to agree upon a determination of Fair Market Value with respect to an Item of Equipment, such Fair Market Value shall be determined in accordance with the procedure for Appraisal.

Guarantee shall mean the Guarantee Agreement dated as of the date hereof attached hereto as Exhibit E.

Guarantor shall mean Grand Trunk Corporation.

Hulk shall have the meaning set forth in the Hulk Purchase Agreement.

Hulk Purchase Agreement shall mean the Hulk Purchase Agreement dated as of the date hereof attached hereto as Exhibit F.

Impositions shall have the meaning set forth in Section 19 hereof.

Improvement shall have the meaning set forth in Section 11 hereof.

Indemnified Party shall have the meaning set forth in Section 21 hereof.

Liens shall mean any mortgage, lien, security interest, charge, claim or other encumbrance on or with respect to any Item of Equipment, the Lessor's title thereto or any interest of the Lessor therein.

Lessor's Assignee shall have the meaning set forth in Section 15 hereof.

Lessor's Liens shall mean any Lien on or disposition of any Item of Equipment that either (a) results from claims against the Lessor not related to the transactions contemplated by this Lease or (b) results from an affirmative act of the Lessor to create such a Lien or disposition.

Loss shall have the meaning set forth in Section 22 hereof.

Noncompleted Hulk shall have the meaning set forth in the Hulk Purchase Agreement.

Person shall mean any individual, partnership, corporation, trust, unincorporated association or joint venture, a government or any department or agency thereof, or any other entity.

Purchase Documents shall mean, with respect to any Item of Equipment

the documents described in Exhibit D hereto.

Purchase Price shall have the meaning set forth in Section 17 hereof.

Replacement Part shall have the meaning set forth in Section 11 hereof.

Requisition of Use shall have the meaning set forth in Section 13 hereof.

Total Invoice Cost shall mean, with respect to any Item of Equipment, the sum of (i) the Reconstruction Cost thereof as set forth in the Builder's invoice which is to be certified by the Lessee and delivered to the Lessor not less than three Business Days prior to the Closing Date therefor plus (ii) the Hulk Purchase Price of the Hulk from which such Item was reconstructed as set forth in the Lessee's invoice therefore.

SECTION 2. Lease of Equipment.

Subject to the terms and conditions of this Lease, the Lessor hereby agrees to lease to the Lessee, and the Lessee hereby agrees to lease from the Lessor, such Items of Equipment as the Lessor shall have acquired and become obligated to pay for, pursuant to the Purchase Documents.

SECTION 3. Appointment of Agent; Inspection and Acceptance by the Lessee

(a) Appointment of Authorized Agent. For purposes of accepting delivery of each Item of Equipment from the Builder, the Lessor hereby appoints the Lessee as the authorized representative of the Lessor. Until such authority shall have been terminated pursuant to paragraph (b) of this Section, such authorized representative shall be authorized to accept and take possession of each Item of Equipment which is found to be in good order and in accordance with all applicable specifications on delivery thereof, to accept on behalf of the Lessor all Purchase Documents, if any, delivered with respect to such Item of Equipment, to reject and return to the Builder any Item of Equipment found not to be in good order, and to take such other action on behalf of the Lessor as the Lessor shall reasonably request in order to accept delivery of each Item of Equipment on behalf of the Lessor. If such Item of Equipment is found to be acceptable, the Lessee shall execute and deliver to the Lessor a Certificate of Acceptance stating that such Item of Equipment has been accepted on behalf of the Lessor whereupon such Item of Equipment shall be deemed to have been also delivered to and accepted by the Lessee hereunder and shall be subject thereafter to all terms and conditions of this Lease.

(b) Termination of Appointment of Authorized Agent. If any of the conditions set forth in Section 6 hereof to be fulfilled shall not have been fulfilled as set forth therein or waived, the authority of the authorized representative granted pursuant to paragraph (a) of this Section shall terminate.

SECTION 4. Term and Rent.

(a) Term. The term of this Lease with respect to any Item of Equipment shall begin on the date of execution of the Certificate of Acceptance therefor and, subject to the provisions of Sections 13, 16 and 24 hereof shall end on the Expiration Date.

(b) Basic Rent. The Lessee agrees to pay to the Lessor as rental for each Item of Equipment subject to this Lease seventeen (17) consecutive semiannual rental payments, in arrears, (herein referred to as Basic Rent) on each March 1 and September 1 commencing on March 1, 1985 (each such date hereinafter referred to as a Basic Rent Date), as follows:

(1) with respect to each Item of Equipment then subject to this Lease which was delivered and accepted on or prior to December 31, 1984 (as evidenced by the Date of Acceptance appearing on the Certificate of Acceptance therefor), the first payment shall be in an amount equal to 0.0282843% of the Total Invoice Cost of such Item of Equipment for each day which shall have elapsed from and including the Closing Date in respect of such Item of Equipment to but not including March 1, 1985 and the last sixteen (16) payments shall each be in an amount equal to 7.921554% of the Total Invoice Cost of such Item of Equipment; and

(2) with respect to each Item of Equipment then subject to this Lease which was delivered and accepted after December 31, 1984 (as evidenced by the Date of Acceptance appearing on the Certificate of Acceptance therefor), the first payment shall be in an amount equal to 0.0305267% of the Total Invoice Cost of such Item of Equipment for each day which shall have elapsed from and including the Closing Date in respect of such Item of Equipment to but not including March 1, 1985 and the last sixteen (16) payments shall each be in an amount equal to 8.549586% of the Total Invoice Cost of such Item of Equipment.

(c) Rental Adjustments. The Lessee's obligation to pay Basic Rent in the foregoing amounts has been calculated on the following assumptions:

(1) that no Closing Date in respect of any Item of Equipment will occur after February 28, 1985;

(2) that the interest rate on borrowed funds, if any, obtained by the Lessor by assigning this Lease and pledging a security interest in the Equipment as collateral for such borrowed funds will be 13.625% per annum (it being understood that the Lessee shall not be responsible for the availability of such borrowed funds, either at or subsequent to the delivery of the Equipment hereunder);

(3) that the cost to the Lessor in respect of Thacher, Proffitt & Wood acting as special counsel to the lender will not exceed \$20,000;

(4) that the Lessor shall not have suffered a loss in respect of its disposal of any Noncompleted Hulk;

(5) that the Lessor shall not suffer a reduction in its after-tax rate of return (using the multiple investment method and the assumptions utilized by it in originally computing its rate of return on the transactions contemplated hereby) as a result of the Total Invoice Cost of all Items of Equipment exceeding Estimated Lessor's Cost;

(6) that the Hulk Purchase Price in respect of each Item of Equipment will not be greater than 9.569378% of the Total Invoice Cost of such Item of Equipment; and

(7) that the Lessor shall not suffer a reduction in its after-tax rate of return (using the multiple investment method and the assumptions utilized by it in originally computing its rate of return on the transactions contemplated hereby) as a result of a change in, or modification to, the Code between the date hereof and the Closing Date in respect of any Item of Equipment.

If for any reason any of the foregoing assumptions shall not be true and accurate, the Lessor and the Lessee agree that Basic Rent payable hereunder and the Casualty Value percentages set forth in Exhibit C hereto will be adjusted, if necessary, in order to preserve the Lessor's net after-tax rate of return on investment at the same level that the Lessor would have expected had there been no inaccuracies in the foregoing assumptions. Any adjustment shall be determined by the Lessor, which determination shall be made in accordance with the assumptions used by the Lessor in originally evaluating the transactions contemplated hereby; provided, however, at Lessee's cost and expense, any such adjustment shall be subject to verification by an independent accounting firm chosen by the Lessee. The Lessor and Lessee agree to execute an addendum to this Lease to reflect any such adjustment.

(d) Supplemental Rent. The Lessee shall pay to the Lessor the following amounts (herein referred to as Supplemental Rent and, together with all Basic Rent, as Rent):

(1) on demand, any amount payable hereunder (other than Basic Rent and Casualty Value) which the Lessee assumes the obligation to pay, or agrees to pay, under this Lease to the Lessor;

(2) on the date provided herein, any amount payable hereunder as Casualty Value; and

(3) on demand, to the extent permitted by applicable law, a late charge (computed on the basis of a 360-day year of actual days elapsed) at the Late Payment Rate on any payment of Rent not paid when due for any period during which the same shall be overdue.

(e) Payment of Rent. All payments of Rent hereunder shall be made so that the Lessor shall have immediately available funds on the date payable hereunder. Rent shall be paid to the Lessor at its address set forth herein or at such address or to such other Person as the Lessor may direct by notice in writing to the Lessee. If any payment of Rent falls due on a date which is not a Business Day, the same shall be due and payable on the next succeeding date which is a Business Day.

SECTION 5. Purchase of Item of Equipment by the Lessor.

(a) Payment of Total Invoice Cost. Subject to the terms and conditions of this Lease, the Lessor agrees to purchase each Item of Equipment delivered and accepted pursuant to this Lease and the Hulk Purchase Agreement. Payment of the purchase price with respect to each such Item of Equipment shall be made on the Closing Date relating to such Item of Equipment and shall be in an amount equal to the Total Invoice Cost of such Item of Equipment. Each Closing Date shall be a Business Day and shall be established by the Lessee who shall provide the Lessor, in writing, with at least seven (7) days advance notice of the actual date of such Closing Date.

(b) Delays; Etc.. The Lessor shall not be liable for loss or damage occasioned by any cause, circumstance or event of whatever nature, including, but not limited to, failure of or delay in delivery, delivery to wrong place, delivery of improper equipment or property other than the Equipment, damage to the Equipment, governmental regulations, strike, embargo or other cause, circumstance or event, whether of like or unlike nature.

SECTION 6. Conditions Precedent to Payment for Items of Equipment.

The obligation of the Lessor to pay the Total Invoice Cost of any Item of Equipment which the Lessor has agreed to purchase pursuant to Section 5 hereof on the Closing Date relating to such Item shall be subject to the fulfillment with respect to each such Item of Equipment of the following conditions precedent:

(a) Representations of the Lessee. The representations and warranties of the Lessee set forth in Section 7 hereof shall be true and correct in all material respects on and as of the earliest date on any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreement and on each Closing Date, no Default or Event of Default shall have occurred and be continuing on such Closing Date, and the Lessor shall have received a representation of the Lessee to such effect and to the further effect that the Lessee has satisfied or complied with all requirements set forth in this Lease to be satisfied or complied with on or prior to such dates.

(b) Opinion of Counsel for Lessee. The Lessor shall have received, on or before the earliest date on any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreement, an opinion of counsel for the Lessee addressed to the Lessor and satisfactory to the Lessor, to the effect set forth in paragraphs (a) through (d) and clause (e)(1)(i) of Section 7 hereof and the opinions called for pursuant to Section 6 of the Guarantee.

(c) Insurance. The Lessor shall have received, on or before the earliest date on any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreement, documents evidencing to the satisfaction of the Lessor the Lessee's compliance with Section 14 hereof.

(d) Evidence of Authorization. The Lessor shall have received on or before the earliest date on any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreement, appropriate evidence of authorization of this Lease, the Purchase Documents, the Hulk Purchase Agreement, the Guarantee and documents incidental hereto.

(e) Invoices. The Lessor shall have received, at least three Business Days prior to each Closing Date the Builder's invoice, certified as to correctness by the Lessee, for each Item of Equipment to be purchased on such Closing Date.

(f) Certificate of Acceptance. The Lessor shall have received, on or before each Closing Date a Certificate of Acceptance for each Item of Equipment to be purchased on such Closing Date.

(g) Documents in Respect of each Hulk. The Lessor shall have received on

or before each Closing Date the documents referred to in the fifth paragraph of the Hulk Purchase Agreement in respect of each Hulk to be paid for on such Closing Date.

(h) Recording and Filing. The deposit of the Lease under Section 86 of the Railway Act of Canada shall have been made, and recording of this Lease under Section 11303 of the Interstate Commerce Act shall have occurred on or before the earliest date of any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreement.

(i) Opinion of Counsel for Lessor. The Lessee shall have received on or before the earliest date or any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreement, an opinion of counsel for the Lessor addressed to the Lessee in form and substance satisfactory to the Lessee to the effect set forth in paragraph (b) of Section 8 hereof and appropriate evidence of the authorization of the Lease, the Purchase Documents, the Hulk Purchase Agreement and documents incidental thereto.

SECTION 7. Representations, Warranties and Agreements of the Lessee.

The Lessee represents, warrants and agrees as follows:

(a) Due Organization. The Lessee is a corporation duly organized and validly existing in good standing order under the laws of the jurisdiction of its incorporation, is duly qualified to do business in Michigan and Indiana, and each jurisdiction where the Items of Equipment are to be deemed delivered, and has the corporate power and authority to hold property under lease.

(b) Due Authorization; Enforceability; No Violation. This Lease, the Hulk Purchase Agreement, and any Purchase Documents to which the Lessee is a party have been duly authorized, executed and delivered by the Lessee and, assuming due authorization, execution and delivery by the Lessor are a legal, valid and binding obligation of the Lessee, enforceable in accordance with their terms. The execution and delivery by the Lessee of this Lease, the Hulk Purchase Agreement and any Purchase Documents to which the Lessee is a party are not, and the performance by it of its obligations under each will not be, inconsistent with its charter or by-laws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Lessee, and do not and will not contravene any provision of, or constitute a default under, any incurrence, mortgage, contract or other instrument to which the Lessee is a party or by which it or its property is bound.

(c) Governmental Approvals. No consent or approval of any Federal, state or local government authority or agency or other Person is required with respect to the execution, delivery and performance by the Lessee of this Lease, the Hulk Purchase Agreement or any of the Purchase Documents to which the Lessee is a party, or if any such consent or approval is required, it has been duly given or obtained.

(d) Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee in any court or before any arbitrator, governmental commission, board or authority which, if adversely determined, will have a material adverse effect on the ability of the Lessee to perform its obligations under this Lease, the Hulk

Purchase Agreement or any of the Purchase Documents to which the Lessee is a party.

(e) In Respect of the Equipment and its Use.

(1) Each Item of Equipment (i) is personal property and no Item of Equipment, when subjected to use by the Lessee under this Lease, will be or will become a fixture under applicable law; (ii) constitutes "section 38 property" as such term is defined in Section 48(a) of the Code and neither the Lessee nor any of its sublessees or assigns will at any time during the term of this Lease use or fail to use any Item of Equipment in such a way as to disqualify it as "section 38 property", (iii) is not "limited use property" within the meaning of Revenue Procedure 76-30; (iv) will be used by the Lessee such that under Section 861(f) of the Code the Lessor will be entitled to treat all income and deductions in respect therewith as derived from or allocable to sources within the United States of America; and (v) will be treated under the Code as having been placed in service as of the Date of Acceptance appearing on the Certificate of Acceptance therefor;

(2) The portion of Total Invoice Cost attributable to Reconstruction Cost in respect of each Item of Equipment (i) will be new "section 38 property" as defined in Section 48(b) of the Code on the date such Item of Equipment is accepted by the Lessee on the Lessor's behalf, and as such, such portion of each Item of Equipment will qualify for Investment Tax Credit equal to the "regular percentage" as defined in Section 46(a)(2)(B) of the Code with a "qualified investment" as defined in Section 46(c) of the Code which is not less than the Reconstruction Cost thereof; and (ii) is "five-year recovery property" within the meaning of Section 168(c)(2)(B) of the Code, having an "unadjusted basis" as defined in Section 168(d) of the Code which (prior to any reductions as may be required under Section 48(q) of the Code) is not less than the Reconstruction Cost thereof.

(3) Each Hulk is property which is described as Asset Guideline Class 00.25 property in Rev. Proc. 83-35 and that such Hulk is depreciable under the ADR System described in Section 167 of the Code using a basis which is not less than the Hulk Purchase Price thereof.

(4) An amount equal to at least 20% of the Total Invoice Cost of the Equipment is a currently reasonable estimate of what the fair market value of the Equipment will be on the Expiration Date without including in such value any increase or decrease for inflation or deflation and after subtracting from such value any cost to the Lessor for removal and delivery of possession of such Equipment to the Lessor.

(5) It can currently be estimated that each Item of Equipment will have an expected useful life of at least eleven (11) years.

(6) Neither the Lessee nor any affiliate will direct the reconstruction of the Hulks, the responsibility for which has been assigned to the Lessor under and pursuant to the Purchase Documents.

(f) Financial Statements. The balance sheet and the related statement of income and statement of changes in financial position of the Lessee, or the

consolidated group of companies of which the Lessee is a member (the Consolidated Group), heretofore delivered to the Lessor, have been prepared in accordance with generally accepted accounting principles and fairly present the financial position of the Lessee or the Consolidated Group, as the case may be, on and as of the date thereof and the results of its operations for the period or periods covered thereby. Since the most recent balance sheet and related statement of income and statement of changes in financial position there has been no material adverse change in the financial condition of the Lessee or the Consolidated Group.

(g) Access to or Furnishing of Information. The Lessee agrees to furnish to the Lessor:

(1) within 120 days after the close of each fiscal year of the Lessee or the Consolidated Group, as the case may be, occurring after the date hereof, an audited balance sheet and statement of changes in financial position of the Lessee or of the Consolidated Group at and as of the end of such fiscal year, together with an audited statement of income of the Lessee or of the Consolidated Group for such fiscal year;

(2) within 60 days after the close of each of the first three quarters of each fiscal year of the Lessee or the Consolidated Group, as the case may be, an unaudited balance sheet and statement of changes in financial position of the Lessee or of the Consolidated Group at and as of the end of such quarter, together with an unaudited statement of income of the Lessee or of the Consolidated Group for such quarter;

(3) a notification of any material change in the Lessee's insurance coverage not less than 30 days prior to the effective date of any such change;

(4) on or before April 30, 1986 and on or before April 30 of each year during the term of this Lease, an accurate statement setting forth as of the preceding December 31, the amount, description and serial numbers of all Items of Equipment which have suffered a Total Loss during the preceding calendar year and such other information regarding the condition and state of repair of the Equipment as the Lessor may reasonably request; and

(5) from time to time, such other information as the Lessor may reasonably request including R-1's or similar documents that are filed with the Interstate Commerce Commission.

(h) Merger, Sale, etc. Upon any consolidation or merger of the Lessee with or into any other corporation or corporations (whether or not affiliated with the Lessee), or successive consolidations or mergers in which the Lessee or its successor or successors shall be a party or parties, or upon any sale or conveyance of all or substantially all of the property of the Lessee to any other Person, the Lessee will cause the due and punctual payment of all Rent and the due and punctual performance and observance of all covenants and obligation of the Lessee hereunder to be assumed by the corporation (if other than the Lessee) formed by such consolidation, or the corporation into which the Lessee shall have been merged or by the Person which shall have acquired such property.

SECTION 8. Representations, Warranties and Agreements of the Lessor

(a) Right of Quiet Enjoyment. The Lessor warrants that (i) during the term of this Lease, if no Default or Event of Default has occurred and is continuing, the Lessee's use of the Equipment shall not be interrupted by the Lessor or anyone claiming by, through or under the Lessor and (ii) it will not make any assignment hereof unless and until the Lessor's Assignee agrees to comply with the foregoing.

(b) Representations and Warranties. The Lessor represents, warrants and agrees that:

(1) The Lessor is a corporation duly organized and validly existing in good standing order under the laws of the jurisdiction of its incorporation and has the power and authority to own or lease its properties and to carry on its business as now conducted or as contemplated hereby.

(2) This Lease, the Hulk Purchase Agreement, and any Purchase Documents to which the Lessor is a party have been duly authorized, executed and delivered by the Lessor and, assuming due authorization, execution and delivery by the Lessee are a legal, valid and binding obligation of the Lessor, enforceable in accordance with their terms. The execution and delivery by the Lessor of this Lease, the Hulk Purchase Agreement and any Purchase Documents to which the Lessor is a party are not, and the performance by it of its obligations under each will not be, inconsistent with its charter or by-laws, do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which the Lessor is a party or by which it or its property is bound.

(3) No consent or approval of any Federal, state or local government authority or agency or other Person is required with respect to the execution, delivery and performance by the Lessor of this Lease, the Hulk Purchase Agreement or any of the Purchase Documents to which the Lessor is a party, or if any such consent or approval is required, it has been duly given or obtained.

(4) There are no actions, suits or proceedings pending or, to the knowledge of the Lessor, threatened against or affecting the Lessor in any court or before any arbitrator, governmental commission, board or authority which, if adversely determined, will have a material adverse effect on the ability of the Lessor to perform its obligations under this Lease, the Hulk Purchase Agreement or any of the Purchase Documents to which the Lessor is a party.

(c) No Warranty as to Fitness of Equipment. The warranties set forth in paragraphs (a) and (b) of this Section are in lieu of all other warranties of the Lessor, whether written, oral or implied with respect to this Lease, the Purchase Documents or the Equipment, and the Lessor shall not be deemed to have modified in any respect the obligations of the Lessee pursuant to Section 10 hereof, which obligations are absolute and unconditional. THE LESSEE EXPRESSLY AGREES TO LEASE EACH ITEM OF EQUIPMENT "AS IS". THE LESSOR SHALL NOT BE DEEMED TO HAVE MADE, AND THE LESSOR HEREBY DISCLAIMS ANY OTHER REPRESENTATION OR

WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, NOR SHALL THE LESSOR BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT OR ABSOLUTE LIABILITY IN TORT), but the Lessor authorizes the Lessee, at the Lessee's expense, to assert for the Lessor's account, during the term of this Lease, so long as no Default or Event of Default shall have occurred and be continuing hereunder, all of the Lessor's rights under any applicable warranty of the Builder or any manufacturer or supplier of any component part, and the Lessor agrees to cooperate with the Lessee in asserting such rights; provided, however, that the Lessee shall indemnify the Lessor and hold the Lessor harmless from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by the Lessor in connection with, as a result of, or incidental to, any action by the Lessee pursuant to the above authorization. Provided that no Default or Event of Default has occurred and is continuing, any amount received by the Lessee as payment under any such warranty shall be applied to restore the Equipment to the condition required by Section 11 hereof and to the extent such payment exceeds the Lessee's costs in respect thereto, any excess shall be paid to the Lessor.

SECTION 9. Survival of Representations and Warranties; Binding Effect.

(a) Survival. All agreements, representations and warranties contained in this Lease or any other agreement, document or certificate delivered pursuant hereto or in connection herewith shall survive, and shall continue in effect following the execution, delivery and term of this Lease.

(b) Binding Effect. All agreements, representations and warranties in this or in any agreement, document or certificate delivered concurrently with the execution of this Lease or from time to time thereafter shall bind the party making the same and its successors and assigns and shall inure to the benefit of each party for whom made and their respective successors and assigns.

SECTION 10. Net Lease.

This Lease is a net lease, and the Lessee acknowledges and agrees that the Lessee's obligation to pay all Rent hereunder, and the rights of the Lessor in and to such Rent, shall be absolute and unconditional and shall not be subject to any abatement, reduction, set-off, defense, counterclaim or recoupment (Abatements) for any reason whatsoever, including, without limitation, Abatements due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise, against the Builder or any manufacturer or supplier of any component part of any Item of Equipment or for damage to, or any loss of or destruction to, any Item of Equipment from whatever cause, or the interference with the use thereof by the Lessor or any Person, or the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power, or authority of the Lessor to perform any obligation of the Lessor to the Lessee or any other Person under this Lease or any instrument or document executed in connection herewith, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it being the express intention of the Lessor and the Lessee that all Rent payable by the Lessee hereunder shall be, and shall

continue to be, payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Lease. Notwithstanding the foregoing, the obligation of the Lessee to pay Rent in respect of any Item of Equipment under this Lease is expressly conditioned upon the Lessor's prompt and proper payment of the Total Invoice Cost therefor.

SECTION 11. Use, Maintenance and Operation; Equipment Marking.

(a) Possession; Reports. The Lessee agrees that each Item of Equipment will be used in compliance with any and all statutes, laws, ordinances and regulations of any governmental agency applicable to the use thereof, and the Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Items of Equipment or the leasing thereof to the Lessee. Throughout the term of this Lease, the possession, use and maintenance of each Item of Equipment shall be at the sole risk and expense of the Lessee.

(b) Usage. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of each Item of Equipment in accordance with the terms of this Lease. The Lessee shall be entitled to the use of each Item of Equipment upon lines of railroads owned or operated by it or any affiliate of the Lessee or upon lines of railroads over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is operated pursuant to contract or otherwise, and the Lessee shall be entitled to permit the use of the Items of Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee may receive and retain compensation for the use of any of the Items of Equipment from railroads or other entities so using such Items.

(c) Compliance. The Lessee agrees to comply in all respects (including without limitation, with respect to the use, maintenance and operation of each Item of Equipment) with all laws of the jurisdictions in which its operations involving the Items of Equipment may extend, with the Interchange Rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Items of Equipment. To the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or additions of or to any part on any Item of Equipment, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense in good faith contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease.

(d) Maintenance. The Lessee shall use the Items of Equipment only in the manner for which they were designed and intended. The Lessee will, at its own cost and expense, maintain each Item of Equipment so as (i) to keep it in as good a condition as when delivered to the Lessee hereunder, ordinary wear and

tear excepted and (ii) to keep it in compliance with the Interchange Rules of the Association of American Railroads and in the same condition as other similar equipment owned or leased by the Lessee. Any replacement made by the Lessee upon an Item of Equipment in connection with repairing such Item shall be considered an accession to such Item, and title to such replacement part (any such replacement part being herein referred to as a Replacement Part) shall, upon installation or affixation thereof, automatically vest in the Lessor. Effective upon installation or affixation of any Replacement Part, the Lessor shall be deemed to have disclaimed ownership of the original part so replaced.

(e) Improvements. The Lessee may, without prior written consent of the Lessor, either (1) repair any Item of Equipment by the installation of a Replacement Part, or (2) affix or install any accessory, equipment or device on any Item of Equipment or make any improvement or addition thereto (any such accessory, installed equipment or device, improvement or addition affixed or installed pursuant to this clause (2) being herein referred to as an Improvement), if such Improvement will not impair the originally intended function or use of any such Item and is readily removable without causing material damage to such Item of Equipment. Any other Improvements may be affixed or installed only with the prior written consent of the Lessor unless such Improvement is required to comply with the Interchange Rules of the Association of American Railroads, the United States Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative or judicial body exercising jurisdiction over the Items of Equipment. Improvements (i) which are not readily removable without causing material damage and which have been affixed to or installed on any Item or (ii) which are required for the operation or use of the Equipment by the Interchange Rules of the Association of American Railroads, the United States Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative, or judicial body exercising jurisdiction over the Items of Equipment, shall upon affixation or installation become the property of the Lessor and thereupon each such Improvement shall become a part of the Item of Equipment to which it is affixed or on which it is installed.

(f) Identification Numbers; Equipment Markings. The Lessee agrees, at its own cost and expense, to (1) cause each Item of Equipment to be kept numbered with the identification number therefor as specified in the Certificate of Acceptance therefor, and (2) maintain the Equipment Marking on each Item of Equipment and such other markings as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment and the rights of the Lessor under this Lease. The Lessee will not place any Item of Equipment in operation or exercise any control or dominion over the same until the Equipment Marking has been placed thereon. The Lessee will replace promptly any such Equipment Marking which may have been removed, defaced or destroyed. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership or lien thereon; provided however, that the Lessee may permit each Item of Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Item of Equipment under this Lease, and each Item of Equipment may be lettered in an appropriate manner for convenience of identification of the interest of the Lessee therein.

(d) Casualty Value. As used in this Lease, the Casualty Value for any Item or Items of Equipment having suffered a Total Loss shall be calculated as set forth on the schedule of Casualty Value attached hereto as Exhibit C and such Casualty Value shall be determined as of the Basic Rent Date next succeeding the date of the Total Loss and the applicable percentage factor shall be that which is set forth with respect to such Basic Rent Date, except that after the Expiration Date, the Casualty Value shall be determined as of the last date appearing on Exhibit C hereto.

(e) Temporary Requisition of Use. In the case of a Requisition of Use of an Item of Equipment for an indefinite period or for a stated period which does not exceed the term of this Lease, such Requisition of Use shall not constitute a Total Loss and shall not terminate this Lease with respect to such Item, and each and every obligation of the Lessee under this Lease shall remain in full force and effect. So long as no Default or Event of Default shall have occurred and be continuing under this Lease, the Lessee shall be entitled to all sums attributable to the period such Item is subject to this Lease, which are received by reason of any such Requisition of Use.

SECTION 14. Insurance.

(a) Policies Required. The Lessee will, at all times prior to the return of the Equipment to the Lessor, carry and maintain or cause to be carried and maintained (i) property damage insurance with respect to the Equipment and (ii) public liability insurance with respect to third party personal and property damage, in each case with such deductibles, in such amounts and against such risks as is carried by the Lessee with respect to other equipment it owns or leases similar in nature to the Equipment. It is expressly noted, agreed and permitted that the Lessee and the Consolidated Group self-insures for property damage. The Lessee agrees to name the Lessor as an additional insured in respect of any policy carried under (ii) above to the extent of its interest in the Equipment.

(b) Failure to Insure. In the event that the Lessee shall fail to maintain insurance as provided in this Section, the Lessor may at its option, but without obligation, provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest on the amount of such cost at the Late Payment Rate, computed from the date of the Lessor's payment of such cost.

(c) Disposition of Insurance Proceeds. If the Lessor shall receive any insurance proceeds in respect of a Total Loss as defined in Section 13 hereof, the Lessor shall pay such proceeds to the Lessee; provided, however, that no Default or Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value. All casualty insurance proceeds received by the Lessor not in respect of a Total Loss shall be paid to the Lessee upon proof reasonably satisfactory to the Lessor that any damage to the Equipment in respect of which such proceeds were paid has been fully repaired.

SECTION 15. Sublease by the Lessee; Assignment by the Lessor.

(a) By the Lessee. So long as no Default or Event of Default hereunder shall have occurred and be continuing, the Lessee will be permitted, without the

prior consent of the Lessor, to sublet any Items of Equipment; provided, however, that no sublease shall be permitted hereunder unless the rights of the sublessee are expressly subject and subordinate to the rights of the Lessor and any Lessor's Assignee under this Lease. The Lessee may not assign any of its rights or obligations under this Lease without the prior written consent of the Lessor, which consent shall not be unreasonably withheld. No assignment, sublease or other relinquishment of the possession of any Item of Equipment (whether or not authorized hereunder) shall in any way discharge or diminish any of the Lessee's obligations to the Lessor hereunder, and the Lessee shall continue to be primarily liable hereunder irrespective of any sublease.

(b) By the Lessor. Upon receipt of written notice of any assignment by the Lessor of this Lease, the Equipment, or any portion of its interest herein or therein to any assignee (Lessor's Assignee), the Lessee shall acknowledge receipt of such written notice and thereupon shall be deemed to have acknowledged and consented to such assignment. With respect to any such assignment, the Lessee agrees:

(i) To make each payment of Rent assigned thereby directly to such Lessor's Assignee as directed by the Lessor.

(ii) Not to seek to recover from the Lessor's Assignee any payment required by this Lease and made to such Lessor's Assignee once such payment is made.

(iii) That, to such extent as the Lessor's notice of such assignment shall indicate, all rights of the Lessor with respect to the Equipment shall be exercisable by any Lessor's Assignee.

(iv) To execute and deliver to the Lessor any financing statements, continuation statements or other documents prepared by the Lessor which are necessary to create, perfect, protect and preserve prior liens acquired, or intended to be acquired, by any Lessor's Assignee for the duration of such assignment.

(v) To execute and deliver such other documents as the Lessor or the Lessor's Assignee may reasonably request.

SECTION 16. Lease Extension Option.

(a) Permitted Extensions. Provided that no Default or Event of Default has occurred and is continuing hereunder, the Lessee shall have the option, but not the obligation, to extend the term of this Lease for four (4) additional years (subject to adjustment as stipulated below) with respect to all, but not less than all, the Equipment. Assuming the option is exercised for a term of four (4) years then, during the term of the renewal the Lessee shall pay to the Lessor as rental for each Item of Equipment then subject to this Lease eight (8) consecutive semi-annual rentals, in arrears, on each March 1 and September 1 commencing on October 1, 1993. Each rental with respect to each Item of Equipment then subject to this Lease shall be equal to 75% of the Basic Rent that was due in respect of such Item of Equipment on March 1, 1993. If in the Lessee's good faith evaluation, which shall be made not less than 180 days prior to Expiration Date, the Lessee determines that the remaining useful life of the Equipment is less than 7.08 years but more than 3.33 years, then (i) the term

of this renewal shall be adjusted to not less than one year nor more than four years; and (ii) the amount and timing of each renewal rental as stated above shall remain unchanged but the number of payments shall be adjusted such that the final payment of renewal rental is due on the expiration of the renewal term, and (iii) the actual duration of the renewal term shall be determined based upon a full evaluation of the then remaining useful life of the Equipment and in accordance with the following table:

In Years	
<u>Useful Life Remaining</u>	<u>Renewal Term</u>
3.33 - 4.57	1
4.58 - 5.83	2
5.84 - 7.07	3
7.08 or more	4

(b) Exercise of Option. Not less than 180 days prior to the Expiration Date of this Lease the Lessee shall indicate, by written notice to the Lessor, the Lessee's interest in exercising the Lessee's lease extension option described above, which notice shall set forth the Lessee's estimate of the remaining useful life of the Equipment as of the Expiration Date. If the Lessee's estimate of remaining useful life is less than 7.08 years and if on or before a date 120 days prior to the Expiration Date the Lessor and the Lessee are unable to agree upon a determination of the remaining useful life of such Equipment, such remaining useful life shall be determined in accordance with the procedure for Appraisal. Once the remaining useful life has been determined, whether by Appraisal or negotiation, the Lessee shall have fifteen days in which to exercise its option for lease extension.

SECTION 17. Purchase Option.

(a) Permitted Purchases. Provided that no Default or Event of Default shall have occurred and be continuing, and provided further than the Lessee shall have previously renewed this Lease pursuant to Section 16 until the fourth anniversary of the Expiration Date, the Lessee may, at its option, purchase all, but not less than all, the Equipment as of March 1, 1997 for a purchase price equal to the Fair Market Value of the Equipment (for purposes of this Section, the Purchase Price).

(b) Exercise of Option. Not less than 180 days' prior to the forth anniversary of the Expiration Date the Lessee shall indicate, by written notice to the Lessor, the Lessee's interest in exercising its purchase option described above and requesting that the Lessor and the Lessee negotiate the Fair Market Value of the Equipment. In the event that such negotiation shall not determine the Fair Market Value of the Equipment on or before a date 120 days prior to March 1, 1997 such Fair Market Value shall be determined in accordance with the procedure for Appraisal. Once the Fair Market Value has been determined, whether by Appraisal or negotiation, the Lessee shall have fifteen days in which to exercise its purchase option.

(c) Transfer of Title. If the Lessee has elected to purchase the Items pursuant to this Section and no Default or Event of Default exists hereunder,

the Lessee shall purchase from the Lessor and the Lessor shall sell to the Lessee the Equipment as is, where is, for a cash consideration equal to the Purchase Price. Upon payment of such Purchase Price, the Lessor shall, upon request of the Lessee, execute and deliver to the Lessee, or the Lessee's assignee or nominee, a bill of sale without recourse, representation or warranty except that the Equipment is free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under the Lessor and, at the Lessee's expense, such other documents as may reasonably be requested by the Lessee.

SECTION 18. Return of Equipment.

(a) Return After Default. If this Lease shall terminate pursuant to Sections 23 and 24 hereof in respect of any Item of Equipment, the Lessee shall forthwith deliver possession of such Item of Equipment to the Lessor. Each Item of Equipment so delivered shall have been maintained in accordance with the standards set forth in Section 11 of this Lease and shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any Improvement considered an accession thereto as provided in Section 11 hereof and shall have removed therefrom at the Lessee's expense any Improvement which, as provided in Section 11, is owned by the Lessee or, if the same is not so removed, it shall be deemed to be an accession. For the purpose of delivering possession of any Item of Equipment as above required, the Lessee shall at its own cost, expense and risk:

(i) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any such Item of Equipment has been interchanged or which may have possession thereof to return such Item of Equipment) and at the usual speed, place such Item of Equipment upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(ii) cause such Item of Equipment to be stored on such tracks at the risk of the Lessee without charge for rent or storage until such Item of Equipment has been sold, leased or otherwise disposed of by the Lessor; and

(iii) following such storage period, deliver possession of each Item of Equipment to the Lessor at a location designated by the Lessor which location shall be either along the Lessee's lines or at a point where the Lessee interchanges with another carrier.

The assembling, delivery and storage of the Items of Equipment as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver and store the Items of Equipment. During the period of storage, the Lessee will, at its own cost and expense, maintain insurance in accordance with standards of Section 14 hereof, maintain and keep the Items of Equipment in good order and repair and will permit the Lessor or any person

designated by it, including the authorized representative or representatives of any prospective purchaser of any such Items of Equipment to inspect the same. All amounts earned in respect of the Items of Equipment after the date of termination of this Lease shall, belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment shall not be assembled, delivered and stored, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the Basic Rent payable on the Basic Rent Date next succeeding the date of termination for such items or Equipment divided by 180 shall exceed such earnings received by the Lessor for such Item of Equipment.

(b) Return After Other Termination. If this Lease shall expire or terminate (other than pursuant to the provisions of Sections 23 and 24 hereof) in accordance with the terms hereof in respect of any Item of Equipment, the Lessee shall forthwith deliver possession of such Item of Equipment to the Lessor. Each Item of Equipment so delivered shall have been maintained in accordance with the standards set forth in Section 11 of this Lease and shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any improvement considered an accession thereto as provided in Section 11 hereof and shall have removed therefrom at the Lessee's expense any improvement which, as provided in Section 11 is owned by the Lessee or, if the same is not so removed, it shall be deemed to be an accession. For the purpose of delivering possession of any Item of Equipment as above required, the Lessee shall at its own cost, expense and risk:

(i) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any such Item of Equipment has been interchanged or which may have possession thereof to return such Item of Equipment) and at the usual speed, place such Item of Equipment upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(ii) cause such Item of Equipment to be stored on such tracks at the risk of the Lessee without charge for rent or storage for a period not exceeding ninety (90) days; and

(iii) following such storage period, deliver possession of each Item of Equipment to the Lessor at a location designated by the Lessor which location shall be either along the Lessee's lines or at a point where the Lessee interchanges with another carrier.

The assembling, delivery and storage of the Items of Equipment as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver and store the Items of Equipment. During the period of storage, the Lessee will, at its own cost and expense, maintain insurance in accordance with standards of Section 14 hereof, maintain and keep the Items of

Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Items of Equipment to inspect the same. All amounts earned in respect of the Items of Equipment after the Expiration Date of this Lease shall, to the extent such amount exceeds the expenses of the Lessee incurred in generating such earnings, belong to the Lessor and if received by the Lessee, shall be promptly turned over to the Lessor. In the event that any Item of Equipment shall not be assembled, delivered and stored within 60 days after such termination the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the Basic Rent payable on the Basic Rent Date immediately preceding such termination for such Items of Equipment divided by 180 shall exceed the actual earnings received by the Lessor for such Item of Equipment.

(c) Authority. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section, at any time while the Lessee is obligated to deliver possession of any Item of Equipment to the Lessor pursuant to the provisions of subparagraph (a) of this Section, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, to demand and take possession of such Item of Equipment in the name and on behalf of the Lessee from whosoever shall be in possession of such Item of Equipment at such time.

SECTION 19. Taxes.

The Lessee agrees to pay and to indemnify the Lessor for, and hold the Lessor harmless on an After-Tax Basis from and against, all franchise, sales, use, personal property, titling, recordation, ad valorem, leasing, leasing use, stamp or other fees, taxes, levies, imposts, duties, charges or withholdings of any nature, together with any penalties, fines or interest thereon (Impositions) arising out of the transactions contemplated by this Lease and imposed against the Lessor, the Lessee or any Item of Equipment by any Federal, state, local or foreign government or taxing authority upon or with respect to any Item of Equipment or with respect to any Hulk or upon the sale, reconstruction, purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or upon or with respect to this Lease (excluding, however, taxes on, or measured by, net income, gross receipts, value added (except gross receipts and value added taxes in the nature of or in lieu of sales or use taxes), excess profit and other similar taxes) unless, and only to the extent that, the Lessee shall have given to the Lessor written notice of any such Imposition, which notice shall state that such Imposition is being contested by the Lessee in good faith with due diligence and by appropriate proceedings and the Lessor shall have determined that the nonpayment of any such tax or the contest of any such payment in such proceedings does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor. If a claim is made against the Lessee or the Lessor for any Imposition, the party receiving notice of such claim shall promptly notify the other. In case any report or return is required to be made with respect to any obligation of the Lessee under this Section or arising out of this Section, the Lessee, if permitted, will (after notice to the Lessor) make such report or return in such manner as will show the ownership of the Equipment in the Lessor and send a copy of such report or return to the Lessor or, if filing by the Lessee is not permitted, the Lessee

shall deliver such report or return to the Lessor for filing. The Lessor agrees to cooperate fully with the Lessee in the preparation of any such report or return.

SECTION 20. Liens.

The Lessee shall not create, incur or suffer to exist upon or with respect to any Item of Equipment or title thereto or interest therein any Lien whatsoever other than (a) a Lien created by this Lease, (b) a Lien created by the rights of any sublessee or operator permitted by the terms of this Lease, (c) Lessor's Liens, (d) Liens for fees, taxes, levies, imposts, duties or other governmental charges of any kind which are not yet delinquent or are being contested in good faith by appropriate proceedings which suspend the collection thereof (provided, however, that such proceedings do not involve any substantial danger of the sale, forfeiture or loss of such Item of Equipment or any interest therein), (e) Liens of mechanics, materialmen, laborers, employees or suppliers and similar Liens arising by operation of law incurred by the Lessee in the ordinary course of business for sums that are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof (provided, however, that such contest does not involve any substantial danger of the sale, forfeiture, or loss of such Item of Equipment or any interest therein) and (f) Liens arising out of any judgments or awards against the Lessee which have been adequately bonded to protect the Lessor's interests or with respect to which a stay of execution has been obtained pending an appeal or a proceeding for review.

SECTION 21. General Indemnification.

The Lessee agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless on an After-Tax Basis the Lessor, any Lessor's Assignee or any other Person making claim hereunder pursuant to the operation of Section 27 hereof (any such Person hereinafter referred to as Indemnified Party) from and against any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving strict or absolute liability in tort), actions, suits, costs, expenses and disbursements (including, without limitation, attorneys' fees and expenses) of any kind and nature whatsoever (Claims) which may be imposed on, incurred by or asserted against such Indemnified Party, whether or not the Indemnified Party shall also be indemnified as to any such Claim by any other Person, in any way relating to or arising out of this Lease or any document contemplated hereby, or the performance or enforcement of any of the terms hereof or thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, sublease, possession, use, operation, maintenance, condition, registration, sale, return, storage or disposition of an Item of Equipment or any accident in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim for patent, trademark or copyright infringement); provided, however, that the Lessee shall not be required to indemnify any Indemnified Party for (a) any Claim in respect of any Item of Equipment arising from acts or events which occur after possession of such Item of Equipment has been redelivered to the Lessor in accordance with Section 18 hereof, or (b) any Claim resulting from acts which would constitute the willful misconduct or gross negligence of the Indemnified Party making claim hereunder. To the extent that any Indemnified

Party in fact receives indemnification payments from the Lessee under the indemnification provisions of this Section, the Lessee shall be subrogated to the extent of such indemnity paid, to the Indemnified Party's rights with respect to the transaction or event requiring or giving rise to such indemnity. THE LESSEE AGREES THAT NO INDEMNIFIED PARTY SHALL BE LIABLE TO THE LESSEE FOR ANY CLAIM CAUSED DIRECTLY OR INDIRECTLY BY THE INADEQUACY OF ANY ITEM OF EQUIPMENT FOR ANY PURPOSE OR ANY DEFICIENCY OR DEFECT THEREIN OR THE USE OR MAINTENANCE THEREOF OR ANY REPAIRS, SERVICING OR ADJUSTMENTS THERETO OR ANY DELAY IN PROVIDING OR FAILING TO PROVIDE ANY THEREOF OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF OR ANY LOSS OF BUSINESS RESULTING FROM ANY FAILURE OF ANY ITEM OF EQUIPMENT, ALL OF WHICH SHALL BE THE RISK AND RESPONSIBILITY OF THE LESSEE.

SECTION 22. Tax Indemnification.

(a) Assumptions. This Lease has been entered into on the basis that the Lessor shall be entitled to such deductions, credits and other benefits as are provided to an owner of property, including, without limitation:

(1) the investment tax credit (Investment Tax Credit) allowed by Section 38 of the Code in an amount equal to 10% of the Reconstruction Cost of the Equipment;

(2) the Accelerated Cost Recovery System Deductions with respect to the Reconstruction Cost of the Equipment (adjusted as required by Section 48(q)(1) of the Code) under Section 168 of the Code pertaining to five-year property (ACRS Deductions); and

(3) depreciation deductions with respect to the Hulk Purchase Price of the Equipment (i) over an "asset depreciation range" of twelve (12) years for an asset described in Asset Guideline Class 00.25 of Rev. Proc. 83-35; (ii) initially employing the 150% declining balance method and switching to a straight line method at a point when such change maximizes the Lessor's deduction; (iii) adopting the half-year convention described in Regulation Section 1.167(a)-11(c)(2)(iii); and (iv) taking into account a properly estimated salvage value in accordance with Section 167(f) of the Code (ADR Deductions).

(b) Indemnity. If:

(1) by reason of (i) the inaccuracy of any representation contained in Section 7 of this Lease or (ii) the act, failure to act or omission of or by the Lessee or any sublessee or assignee of the Lessee, the Lessor shall lose, shall not have or shall lose the right to claim, or there shall be disallowed or recaptured with respect to the Lessor, all or any portion of the Investment Tax Credit, the ACRS Deductions or the ADR Deductions; or

(2) any item of income, gain, loss or deduction with respect to the transactions contemplated hereby shall be treated as derived from, or allocable to, sources outside of the United States for Federal income tax purposes with the result that the amount of foreign tax credits that are allowed to the Lessor with respect to any taxable year shall be less than the amount of the foreign tax credits that would have been allowed to the

Lessor with respect to such taxable year if it had not been required to treat such item of income, gain, loss or deduction as allocable to sources outside the United States; or

(3) any amount in respect of any Improvement to the Equipment shall be required to be included in the gross income of the Lessor for any taxable year prior to the taxable year in which the term of the Lease ends;

(any such loss, disallowance, recapture, or treatment described in the foregoing clause (1), (2), or (3) being hereinafter called a Loss), then whether such Loss occurs during or after the term of this Lease, the Lessor shall notify the Lessee in writing of such Loss and the Lessee shall, within 30 days after such notice, pay to the Lessor in a lump sum such amount as will cause the Lessor's net after-tax return over the term of this Lease to equal the net after-tax return that would have been available if no such Loss had occurred, taking into consideration the assumptions originally utilized by the Lessor in evaluating the transactions contemplated by this Lease. Such lump sum and such net after-tax return shall be computed (x) on an After-Tax Basis and (y) taking into consideration any interest, penalty or addition to tax incurred by the Lessor in connection with such Loss.

(c) Excluded Events. Nothing contained herein shall be construed as requiring any payment on account of any Loss, to the extent such Loss:

(1) is due to any event which by the terms of this Lease requires payment by the Lessee of the Casualty Value if such Casualty Value shall have actually been paid by the Lessee in a timely fashion in accordance with this Lease; or

(2) results solely and directly from (i) the Lessor's failure (A) to claim, in a timely manner and in accordance with the proper procedures including appropriate elections, the Investment Tax Credit, the ACRS Deductions or the ADR Deductions, except when the Lessor has received an opinion of independent tax counsel that there is no reasonable basis for claiming such Investment Tax Credit, ACRS Deductions or ADR Deductions; or (B) to file an income tax return with the Internal Revenue Service or the appropriate state or local taxing authority in the manner and at the proper place and time; (ii) the Lessor's lack of sufficient income or income tax to benefit from the Investment Tax Credit, the ACRS Deductions or the ADR Deductions; or (iii) from a transfer by the Lessor or the Lessor's other disposition of its interest in the Equipment (excluding a disposition which arises during a period during which an Event of Default has occurred and is continuing).

(d) Payment in Respect of a Loss. For purposes of this Section a Loss shall occur upon the earlier of (1) the payment by the Lessor to the Internal Revenue Service of the tax increase resulting from such Loss or (2) the acceptance of a proposed adjustment of the tax return of the Lessor reflecting such Loss or (3) the filing of any return reflecting such Loss; provided, however, no indemnity for any Loss shall be payable under the foregoing subparagraph (b) so long as such Loss is being contested in accordance with subparagraph (e) of this Section.

(e) Contest. If any event, including any claim against the Lessor by the

Internal Revenue Service, occurs which, but for a successful contest hereunder, would require that the Lessee make a payment under subparagraph (b) of this Section (Disallowance), the Lessor agrees to contest the Disallowance on request of the Lessee subject to the following conditions:

(1) The Lessor agrees, within 30 days of becoming aware thereof, to notify the Lessee of any such Disallowance. The Lessee agrees that, in the event it desires the Disallowance to be contested, it shall request the Lessor to contest the Disallowance within 30 days after receipt of such notice. The Lessor agrees not to make any payment of any tax which is the subject of a Disallowance before it gives such notice and during the 30 day period after it gives such notice.

(2) The Lessor shall have full control over any contest pursuant to this Section and shall determine in its sole and reasonable discretion the nature of all action to be taken to contest such Disallowance including (A) whether any action to contest such Disallowance shall initially be by way of judicial or administrative proceedings, or both, (B) whether any such Disallowance shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof, and (C) if the Lessor shall undertake judicial action with respect to the Disallowance, the court or other judicial body before which such action shall be commenced.

(3) The Lessor shall not be required to take any action pursuant to this Section unless and until the Lessee shall have agreed to indemnify the Lessor in a manner reasonably satisfactory to the Lessor for any liability or loss which the Lessor may incur as a result of contesting the Disallowance and shall have agreed to pay to the Lessor on demand all costs and expenses which the Lessor may incur in connection with contesting such Disallowance. These costs and expenses shall include, without limitation, reasonable attorney's and accountants' fees and disbursements, and any interest or penalty which may ultimately be payable to the United States of America as a result of contesting the Disallowance.

(4) During the course of any contest the Lessor shall consult with the Lessee regarding the commencement and prosecution of any and all administrative proceedings with the Internal Revenue Service in contesting any Disallowance. If such administrative proceedings are not pursued or are not successful, the Lessor shall, at the request of the Lessee, contest the Disallowance by action in the United States District Court, the United States Court of Claims or the United States Tax Court and, if requested by the Lessee, the Lessor shall bring appropriate appeals upon any adverse determination.

(5) Prior to taking any such action and prior to each appeal from any adverse determination, the Lessor shall receive from the Lessee an opinion of outside tax counsel of recognized standing, such counsel being reasonably acceptable to the Lessor, to the effect that on the basis of law and fact a reasonable defense exists to the Disallowance or that there is a reasonable basis for any refund claim, identifying such defense or basis, as the case may be. Subject to the foregoing, in no event will the Lessor compromise or settle the Disallowance or cease to contest such Disallowance without the prior written consent of the Lessee; provided, however, that the Lessor may so compromise or settle the Disallowance or cease to contest

if the Lessor waives in writing its right to an indemnity under this Section for any Loss resulting from such Disallowance. If the Lessor elects to pay the tax associated with the Disallowance and to sue for a refund, the Lessee shall provide the Lessor with sufficient funds on an After-Tax Basis to pay such tax or shall make the Lessor an interest free loan if such loan does not result in taxable income to the Lessor.

(6) If any such Disallowance referred to above shall be made by the Internal Revenue Service and the Lessee shall have requested the Lessor to contest such Disallowance and otherwise shall have complied with its obligations under this subparagraph (e), the Lessee's liability for indemnification hereunder shall become fixed upon final determination of the liability of the Lessor. At such time, the Lessee shall become obligated for the payment of any indemnification hereunder resulting from the outcome of such contest, and the Lessor shall become obligated to pay to the Lessee any refund received. If in connection with such final determination the Lessor receives a refund of tax or would have received a refund if the Lessor had not had other liabilities to which funds provided by the Lessee were applied and for which the Lessee is not required to make an indemnity payment to the Lessor pursuant to this Section, such refund or an amount equal to such amount so applied, together with any interest or refunds of penalties also received (or which would have been received) by the Lessor and fairly attributable to such refund of tax or amount so applied, will be paid over to the Lessee on the same basis funds were paid to Lessor by Lessee pursuant to subparagraph (5) above.

(f) Survival. All the Lessor's rights arising from the indemnities contained in this Section shall survive the expiration or other termination of this Lease with respect to the Equipment, and such indemnities are expressly made for the benefit of, and shall be enforceable by, the Lessor, its successors and assigns.

SECTION 23. Events of Default.

The term Event of Default, wherever used herein, shall mean any of the following events under this Lease (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary, or come about or be effected by operation of law, or be pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) Failure to Pay Rent. The Lessee shall fail to make any payment of Rent within 10 days after the same shall become due; or

(b) Failure to Insure. The Lessee shall fail to carry and maintain or cause to be carried and maintained the insurance required by Section 14 hereof; or

(c) Failure to Perform. The Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Lease or any agreement, document or certificate delivered by the Lessee in connection herewith and such failure shall continue for 30 days after written notice thereof from the Lessor to the Lessee; or

(d) Misrepresentation. Any representation or warranty made by the Lessee in this Lease, except those contained in Section 7(e) hereof (in which case the Lessor's sole remedy shall be pursuant to Section 22 hereof), or by the Guarantor in the Guarantee or in any agreement, or any other document or certificate delivered by the Lessee in connection herewith or by the Guarantor in connection therewith shall prove to have been incorrect in any material respect when any such representation or warranty was made or given; or

(e) Bankruptcy; Reorganization. A petition in bankruptcy or for reorganization or arrangement shall be filed by the Lessee or the Guarantor; or the Lessee or the Guarantor shall make an assignment for the benefit of creditors or consent to the appointment of a trustee or a receiver, or a trustee or receiver shall be appointed for the Lessee or the Guarantor, for a substantial part of the Lessee's or the Guarantor's property without its consent and any such trustee or receiver shall not be dismissed within a period of 60 days; or bankruptcy, reorganization or insolvency proceedings shall be instituted against the Lessee or the Guarantor and shall not be dismissed within a period of 60 days; or

(f) Unauthorized Assignments. The Lessee shall make or permit any unauthorized assignment, or transfer of this Lease, or any interest herein, or of the right to possession of the Items of Equipment.

SECTION 24. Remedies.

(a) Liquidated Damages. Upon the occurrence of any Event of Default and so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default, and at any time thereafter, the Lessor may exercise one or more of the following remedies, as the Lessor in its sole discretion shall lawfully determine:

(1) Proceed by appropriate court action, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; and/or

(2) By notice in writing terminate this Lease, whereupon all rights of the Lessee to the use of the Equipment shall absolutely cease and terminate but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessee, if so requested by the Lessor, shall at the Lessee's cost, risk and expense promptly return the Equipment to the possession of the Lessor as provided in Section 18(a). The Lessee shall, without further demand, forthwith pay to the Lessor an amount equal to (i) all Rent then due and payable; plus (ii) the Rent due on the Basic Rent Date next succeeding the date on which the Lessor has declared this Lease to be in default multiplied by a fraction the numerator of which is equal to the number of days elapsed between the Basic Rent Date preceding such notice of termination and the date on which such notice is actually given, and the denominator of which is equal to 180; plus (iii) as liquidated damages for loss of a bargain and not a penalty, an amount equal to the Casualty Value of the Equipment then subject to this Lease, computed as of the Basic Rent Date next succeeding the date on which the Lessor has declared this Lease to be in default; plus (iv) interest at the Late Payment Rate on the full amount of the Casualty Value, computed from the date as of which the Casualty Value is calculated to the date actually paid. Following the return of the Equipment to the Lessor pursuant to this subparagraph (2),

the Lessor shall (x) proceed to dispose of the Equipment in a commercially reasonable manner at public or private sale and with or without notice to the Lessee, and apply the net proceeds of such disposition, after deducting all costs incurred in connection with such disposition (including, but not limited to, costs of transportation, possession, storage, refurbishing, advertising and brokers' fees) as hereinafter set forth, or (y) retain the Equipment and credit the Fair Market Value thereof as hereinafter set forth. If disposition pursuant to clause (x) above is other than pursuant to cash sale, the proceeds of disposition to be applied as hereinafter set forth shall be deemed to be the present value of any deferred payments discounted at a discount rate of 7%, per annum. The proceeds of such disposition pursuant to clause (x) or the Fair Market Value of the Equipment pursuant to clause (y), plus any sums received by the Lessor under Section 18(a) hereof, shall be applied by the Lessor (A) first, to pay all costs, charges and expenses, including reasonable attorneys' fees and disbursements incurred by the Lessor as a result of the Default and the exercise of its remedies with respect thereto, (B) second, to pay to the Lessor an amount equal to any unpaid amount required to be paid by the Lessee pursuant to this Lease, and (C) third, to reimburse the Lessee for all sums to the extent previously paid by the Lessee as liquidated damages hereunder. Any surplus remaining thereafter shall be retained by the Lessor.

(b) Obligation to Reimburse Lessor. The Lessee shall be liable for all costs, charges and expenses, including reasonable attorneys' fees and disbursements, incurred by the Lessor by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto.

(c) Waivers; Delays; Etc.. No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to the Lessor in law or in equity. No express or implied waiver by the Lessor of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of the Lessor in exercising any rights granted it hereunder upon any occurrence of any of the contingencies set forth in this Section shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and any single or partial exercise of any particular right by the Lessor shall not exhaust the same or constitute a waiver of any other right provided herein.

SECTION 25. Terms in Exhibit B.

The terms set forth in Exhibit B hereto shall be applicable to this Lease as though fully set forth herein.

SECTION 26. Notices.

All communications and notices provided for herein (excluding billings and communications in the ordinary course of business) shall be in writing and shall become effective when deposited in the United States mail, with proper postage for First Class Mail, certified and prepaid, return receipt requested, addressed (a) if to the Lessor, at its address set forth on the signature page hereof, and (b) if to the Lessee, at its address set forth on the signature page hereof, or at such other address as any party may specify by written notice to the other party given as aforesaid.

SECTION 27. Successors, Assigns and Indemnified Parties.

This Lease, including all agreements, covenants, representations and warranties, shall be binding upon and inure to the benefit of, and may be enforced by, (1) the Lessor and its successors, assigns, agents, servants and personal representatives, and, where the context so requires, any Lessor's Assignee and the successors, assigns, agents, servants and personal representatives of such Lessor's Assignee and (2) the Lessee and its successors and, to the extent permitted hereby, sublessees. With respect to the provisions of Sections 9, 19 and 21 hereof, each Lessor's Assignee, any other holder of obligations of the Lessor issued in connection with the purchase or acquisition of the Equipment, and the successors, assigns, agents, servants and personal representatives of the foregoing shall each be indemnified thereunder and, with respect to clause (b) of the proviso to Section 21 hereof, the willful misconduct or gross negligence of the Lessor or any one such Person shall not affect the rights of any other Person indemnified under Section 21.

SECTION 28. Amendments and Miscellaneous.

(a) Amendments. The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by a written instrument signed by the Lessor and the Lessee.

(b) Survival. All agreements, indemnities, representations and warranties contained in this Lease or any agreement, document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease.

(c) Unenforceable Provisions. Any provision of this Lease which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(d) Lessee's Interest. This Lease shall constitute an agreement of lease and nothing herein shall be construed as conveying to the Lessee any right, title or interest in or to the Equipment, except as lessee only.

(e) Counterparts. This Lease may be executed in any number of counterparts and by the Lessor and the Lessee on separate counterparts.

(f) Law Governing. This Lease shall be governed by and construed in accordance with the laws of the State of Illinois. The Lessee and each of its sublessees and assigns agree that any action brought by the Lessor to enforce any provision of this Lease may be brought in the Circuit Court of Cook County, Illinois or, at the option of the Lessor, in the U.S. District Court for the Northern District of Illinois and the Lessee and each of its sublessees and assigns to the fullest extent permitted by law, hereby consent to the jurisdiction of such courts for all purposes of any such action and further agree that they will not seek to remove any such action to any court outside of Cook County, Illinois.

(g) Headings; Etc.. The division of this Lease into sections, the provision of a table of contents and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Lease.

(h) Effective Date. Although this Lease is dated as of the date first above written for convenience, the actual dates of execution hereof by the Lessor and the Lessee are respectively the dates set forth in the acknowledgments hereto, and this Lease shall be effective on the latest of such dates.

(i) Third Parties. Except as expressly provided herein, nothing in this Agreement is intended, nor shall it be construed, to create a contract for the benefit of any third party whatsoever, other than Lessor's Assignees.

IN WITNESS WHEREOF, the parties hereto have each caused this Lease to be duly executed by their respective officers thereunto duly authorized.

WILLIS-JENKINS, INC.,
as Lessor

Attest: Steven J. Mortimer

By: Thomas C. Willis

Steven J. Mortimer
(Typed or Printed Name)

Thomas C. Willis
(Typed or Printed Name)

Title: Assistant Secretary

Title: President

(Corporate Seal)

Address: 1111 Lake Cook Road
Suite 225
Buffalo Grove, Illinois 60090
Attention: President

GRAND TRUNK WESTERN
RAILROAD COMPANY,
as Lessee

Attest: M. P. Sclaw

By: P. E. Tatro

M. P. Sclaw
(Typed or Printed Name)

P. E. Tatro
(Typed or Printed Name)

Title: ASST Secretary

Title: SR VP Finance

(Corporate Seal)

Address: 131 West Lafayette Blvd.
Detroit, Michigan 48226
Attention: Corporate Secretary

STATE OF ILLINOIS)
) ss.:
COUNTY OF COOK)

On the 11th day of October 1984, before me personally appeared Thomas C. Willis, who, being by me duly sworn, did say that he/~~she~~ is an Authorized Officer of WILLIS-JENKINS, INC., that one of the seals affixed to the foregoing instrument is the seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation, by authority of its by-laws and by resolution of its board of directors, and he/~~she~~ acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Rosetta L. DiOrto
Notary Public

(NOTARIAL SEAL) My Commission Expires: 7-18-86

STATE OF MICHIGAN)
) ss.:
COUNTY OF WAYNE)

On the 12th day of October 1984, before me personally appeared P.C. TATRO, who, being by me duly sworn, did say that he/she is an Authorized Officer of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation, by authority of its by-laws and by resolution of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Ruth A. Serra
Notary Public

(NOTARIAL SEAL) My Commission Expires: RUTH A. SERRA
Notary Public, Wayne County, MI
My Commission Expires Mar. 24, 1986

EXHIBIT A
To Lease

CERTIFICATE OF ACCEPTANCE

TO: Willis-Jenkins, Inc., as Lessor
Grand Trunk Western Railroad Company, as Lessee

RE: Master Equipment Lease Dated as of October 1, 1984 ("Lease") by and between
Willis-Jenkins, Inc., as Lessor ("Lessor") and Grand Trunk Western Railroad
Company, as Lessee ("Lessee")

Gentlemen:

I have been appointed as the duly authorized representative for the purpose of accepting the Items of Equipment (as defined in the Lease) under the (i) Purchase Documents (as defined in the Lease) and (ii) the Lease (pursuant to Section 3 of the Lease).

I do hereby certify that in respect of the Item(s) of Equipment described below:

1. Each Item has been inspected and is in good order.
2. Each Item of Equipment is marked in letters not less than one inch in height with the following legend: OWNED UNDER A SECURITY AGREEMENT FILED UNDER SECTION 11303 OF THE INTERSTATE COMMERCE ACT AND LEASED UNDER A LEASE DEPOSITED UNDER SECTION 86 OF THE RAILWAY ACT OF CANADA.
3. Based on my determination that each Item is in compliance with all applicable specifications, each Item is hereby accepted for all purposes of the Lease.

Builder:	Quality Service Railcar Repair Corporation
Type of Equipment:	60' 70 ton roller bearing "hi-cube" auto parts cars.
Date of Acceptance:	
Number of Items:	
Bearing Road Numbers:	GTW _____

The execution of this Certificate of Acceptance will in no way relieve or decrease the responsibility of the Builder for any warranties it has made with respect to the Equipment.

Authorized Representative
of Lessee and Lessor

EXHIBIT B
To Lease

TRANSACTION SUMMARY

<u>Equipment:</u>	The reconstructed 60' 70 ton roller bearing "hi-cube" auto parts cars bearing road numbers GTW 384000-384099, inclusive.
<u>Number of Items:</u>	100
<u>Builder:</u>	Quality Service Railcar Repair Corporation
<u>Date of Lease:</u>	As of October 1, 1984.
<u>Estimated First Delivery Date:</u>	October 31, 1984.
<u>Estimated Final Delivery Date:</u>	February 28, 1985.
<u>Hulk Purchase Price:</u>	\$2,000 per Hulk (firm).
<u>Reconstruction Cost:</u>	\$18,900 per Item (estimated).
<u>Estimated Lessor's Cost:</u>	\$2,100,000 in total.
<u>Late Payment Rate:</u>	A rate per annum equal to the higher of (i) the prime rate as such rate is in effect, from time to time, at the First National Bank of Chicago plus 1% or (ii) 14.5%, but in no event at a rate per annum greater than that permitted by applicable law.
<u>Equipment Marking:</u>	In letters not less than one inch in height: OWNED UNDER A SECURITY AGREEMENT FILED UNDER SECTION 11303 OF THE INTERSTATE COMMERCE ACT AND LEASED UNDER A LEASE DEPOSITED UNDER SECTION 86 OF THE RAILWAY ACT OF CANADA".

EXHIBIT C
To Lease

CASUALTY VALUE

The Casualty Value of each Item of Equipment shall be the sum of (i) the product of the Total Invoice Cost of such Item times the percentage set forth opposite the applicable Basic Rent Date in the applicable column of Table I below plus, if applicable, (ii) the product of the Reconstruction Cost of such Item times the percentage set forth for the appropriate period in Table II below. In the event that the Lessee makes payment under Section 22 of the Lease, Casualty Values shall be adjusted accordingly.

TABLE I

Casualty Value for an Item of Equipment
Whose Date of Acceptance is During:

<u>Basic Rent Date</u>	<u>Calendar 1984</u>	<u>Calendar 1985</u>
March 1, 1985	92.4684%	92.7925%
October 1, 1985	90.1856	90.5097
March 1, 1986	92.5433	94.6767
October 1, 1986	87.2087	88.9011
March 1, 1987	86.4727	90.2955
October 1, 1987	80.5844	84.0651
March 1, 1988	77.6089	82.6737
October 1, 1988	71.8850	75.9056
March 1, 1989	67.4089	72.2352
October 1, 1989	61.6839	65.5388
March 1, 1990	56.7841	60.2090
October 1, 1990	50.6182	53.5326
March 1, 1991	45.0306	47.4762
October 1, 1991	38.4669	40.3677
March 1, 1992	32.2884	33.6773
October 1, 1992	25.7895	26.5023
March 1, 1993	20.0000	20.0000
and thereafter		

TABLE II

Casualty Values have been computed without regard to recapture of Investment Tax Credit. Consequently, where Casualty Value shall be payable with respect to a Total Loss occurring prior to the fifth year the value computed pursuant to Table I shall be increased as set forth below:

For a Total Loss occurring on or after the Date of Acceptance and before the first anniversary thereof, the Casualty Value in respect of any Item shall be increased by an amount equal to 20.0000% of the Reconstruction Cost therefor.

For a Total Loss occurring on or after the first anniversary of the Date of Acceptance and before the second anniversary thereof, the Casualty Value in respect of any Item shall be increased by an amount equal to 16.0000% of the Reconstruction Cost therefor.

For a Total Loss occurring on or after the second anniversary of the Date of Acceptance and before the third anniversary thereof, the Casualty Value in respect of any Item shall be increased by an amount equal to 12.0000% of the Reconstruction Cost therefor.

For a Total Loss occurring on or after the third anniversary of the Date of Acceptance and before the fourth anniversary thereof, the Casualty Value in respect of any Item shall be increased by an amount equal to 8.0000% of the Reconstruction Cost therefor.

For a Total Loss occurring on or after the fourth anniversary of the Date of Acceptance and before the fifth anniversary thereof, the Casualty Value shall be increased by an amount equal to 4.0000% of the Reconstruction Cost therefor.

EXHIBIT D
To Lease

PURCHASE DOCUMENTS

1. In the case of each Item of Equipment which was not ordered in the name of the Lessor, General Assignment of Purchase Orders, dated as of the date of this Lease, substantially in the form set forth in Attachment 1 hereto, duly executed by the Lessee.
2. In the case of each Item of Equipment which was not ordered in the name of the Lessor, a Consent to Assignment of Purchase Orders, dated on or before the earliest date appearing on any Certificate of Acceptance therefor, substantially in the form set forth in Attachment 2 hereto, duly executed by the Builder.
3. A Bill of Sale from the Builder, dated the Closing Date for each such Item, substantially in the form attached to the aforementioned Consent, duly executed by the Builder.
4. An invoice of the Builder, on a form or forms customarily used by the Builder, setting forth the Reconstruction Cost of the related Item of Equipment.
5. The Hulk Purchase Agreement substantially in the form of Exhibit F.
6. The documents required to be delivered by the Lessee pursuant to the fifth paragraph of the Hulk Purchase Agreement.

Attachment 1 to
EXHIBIT D
To Lease

GENERAL ASSIGNMENT OF PURCHASE ORDERS

THIS GENERAL ASSIGNMENT OF PURCHASE ORDERS dated as of October 1, 1984 between Grand Trunk Western Railroad Company (the Assignor) and Willis-Jenkins, Inc. (the Assignee).

W I T N E S S E T H :

In consideration of the mutual covenants herein contained, the Assignee and the Assignor agree as follows:

(a) The Assignor does hereby sell, assign, transfer and set over unto the Assignee all of the Assignor's right, title and interest in, to and under a letter of purchase dated as of October 1, 1984 attached hereto as Exhibit I (hereinafter the Purchase Order) with respect to any equipment which has or may become an Item of Equipment (as such term is defined in a Master Equipment Lease dated as of the date hereof between the Assignee, as lessor, and the Assignor, as lessee, which Master Equipment Lease is herein referred to as the Lease), including, without limitation, the right to purchase and to take title to each such Item of Equipment pursuant to the applicable Purchase Order.

(b) Notwithstanding the appointment of Assignor as agent for Assignee under the Lease, Assignor shall not, without the prior written consent of Assignee, permit Quality Service Railcar Repair Corporation, as Builder, to deviate in any way from the specifications included in the Purchase Order.

(c) The Assignor agrees that at any time and from time to time, upon the written request of the Assignee, the Assignor will promptly and duly execute and deliver or cause to be delivered on its behalf any and all such further instruments and documents and take such further action as the Assignee may reasonably request in order to obtain the full benefits of this Assignment and of the rights and powers herein granted.

(d) This Assignment shall be governed by, and for all purposes construed in accordance with, the laws of the State of Illinois.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed as of the day and year first above written.

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Assignor

By: _____

Title: _____

WILLIS-JENKINS, INC.,
as Assignee

By: _____

Title: _____

Attachment 2 to
EXHIBIT D
To Lease

(Letterhead of Quality Service Railcar Repair Corporation)

Willis-Jenkins, Inc.
1111 Lake Cook Road
Suite 225
Buffalo Grove, Illinois 60090

Attention: President

Grand Trunk Western Railroad Company
131 W. Lafayette Boulevard
Detroit, Michigan 48226

Attention: Treasurer & Director of Finance

Dear Sirs:

The undersigned, Quality Service Railcar Repair Corporation (the "Seller"), hereby consents to the assignment by Grand Trunk Western Railroad Company (the "Lessee") to Willis-Jenkins, Inc. (the "Lessor") of the Lessee's rights under its letter dated as of October 1, 1984, (the "Purchase Order") which Purchase Order was issued by the Lessee to the Seller. The Seller understands that such assignment is made in contemplation of the leasing by the Lessor to the Lessee of the equipment covered by such letter (the "Equipment"). The Seller agrees that subject to the terms and conditions of the Lease (as hereinafter defined) the Lessor will purchase the Equipment from the Seller upon receipt from the Lessee of an executed Certificate of Acceptance in the form provided in the Master Equipment Lease dated as of October 1, 1984 (the "Lease") and that the Lessor will pay for the Equipment. The Seller agrees that the duties and obligations of the Lessee under any agreements of any nature between the Seller and the Lessee have been assumed by the Lessor.

The Seller agrees that, anything in the letter to the contrary notwithstanding, upon delivery and acceptance of the Equipment by the Lessee on behalf of the Lessor as evidenced by the execution of a Certificate of Acceptance as described above, title to the Equipment shall vest in the Lessor and promptly upon having received payment therefor the Seller shall execute and deliver to the Lessor a Bill of Sale in the form attached hereto as Exhibit I with respect to the Equipment.

The Seller agrees that (i) notwithstanding any assignment of the Purchase Order it will extend all applicable warranties to the Lessor and the Lessee and (ii) it will indemnify and save the Lessor and the Lessee harmless from any liability, loss, damage, claim or expense which arises out of any claims for patent infringement relating to the Equipment.

Very truly yours,

EXHIBIT I
To Attachment 2

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS THAT Quality Service Railcar Repair Corporation (the "Seller"), for good and valuable consideration to it paid by or on behalf of Willis-Jenkins, Inc. (the "Purchaser"), does hereby grant, bargain, sell, transfer and deliver unto the Purchaser, its successors and assigns, all of the Seller's right, title to and interest in the Equipment described below:

<u>Description of Equipment</u>	<u>Number of Items</u>	<u>Bearing Road Numbers</u>
All additions, modifications and improvements made by Seller in respect of the reconditioned 60' 70 ton roller bearing "hi-cube" auto parts cars		GTW _____

TO HAVE AND TO HOLD the same unto the Purchaser, its successors and assigns, forever.

The Seller warrants that it is the lawful owner of the Equipment described above, that it has good right to sell the same, that such Equipment, at the time of delivery was new and unused and that title to all such Equipment is on the date hereof good and marketable and is free and clear of all claims, liens and encumbrances by or in favor of any person claiming by, through or under Seller and that the Seller will defend such title.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed by its duly authorized officer as of the _____ day of _____, 1984.

Quality Service Railcar Repair Corporation

By: _____

Title: _____

(Corporate Seal)

Attest:

By: _____

Title: _____

EXHIBIT E
To Lease

GUARANTEE AGREEMENT

Dated as of October 1, 1984

Between

WILLIS-JENKINS, INC.

and

GRAND TRUNK CORPORATION

GUARANTEE AGREEMENT
by
Grand Trunk Corporation

Willis-Jenkins, Inc.
1111 Lake Cook Road
Suite 225
Buffalo Grove, IL 60090
Attention: President

Gentlemen:

Terms used herein shall have the meanings set forth in Attachment 1 hereto.

In consideration of the Lease entered into by the Lessor with the Lessee, Grand Trunk Corporation, a Delaware corporation (the "Guarantor"), hereby agrees with the Lessor as follows:

SECTION 1. The Guarantee. The Guarantor absolutely, irrevocably and unconditionally guarantees, as primary obligor, to the Lessor (a) the full and punctual payment (taking into consideration applicable grace periods) by the Lessee when due (whether by acceleration or otherwise) of the Lease Payments irrespective of the validity or enforceability of the Lease, the guarantee under this clause (a) of this Section 1 constituting hereby a guarantee of payment and not of collection, and (b) the punctual (taking into consideration applicable grace periods) and faithful performance by the Lessee of each and every other duty, agreement, representation, covenant and obligation of the Lessee under and in accordance with the terms of the Lease and the Purchase Documents.

The Guarantor does hereby agree that in the event that the Lessee does not or is unable to pay or perform in accordance with the terms of the Lease for any reason (including, without limitation, the liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceedings affecting the status, existence, assets or obligations of, the Lessee or the limitation of damages for the breach, or the disaffirmance, of the Lease in any such proceeding) it will pay the sums, or amounts equal thereto, which the Lessee is obligated to pay at the times specified in the Lease (it being the intention hereof that the Guarantor shall pay to the Lessor as a payment obligation directly due from the Guarantor to the Lessor, amounts equal to all amounts which the Lessee shall fail faithfully and properly to pay when due under the Lease), or otherwise provide for and bring about promptly when due (taking into consideration applicable grace periods) such payment and the performance of such duties, agreements, covenants and obligations of the Lessee under the Lease.

The Guarantor hereby waives (a) notice of acceptance hereof and of any action taken or omitted in reliance hereon, (b) presentment for payment upon the Lessee, demand of payment from the Lessee, protest or, except as specifically set forth herein, notice of nonpayment or failure to perform on the part of the Lessee, and (c) the benefit and advantage of any and all

valuation, stay, appraisal, extension or redemption laws which, but for this provision, agreement and waiver, might be applicable to any sale made under any judgment, order or decree of any court or otherwise based on this Guarantee Agreement. This Guarantee Agreement shall, except as specifically set forth herein, remain operative and in full force and effect until the Obligations have been paid and performed in full. If any Lease Payment made by any person or entity other than the Guarantor shall at any time be turned over to a trustee in bankruptcy or any other person or entity, by the recipient thereof in compliance with an order of a court having jurisdiction over any bankruptcy or insolvency proceedings relating to the Lessee, the amount so repaid shall not be deemed to have been paid and shall be deemed to be outstanding and the obligation of the Guarantor hereunder to make such Lease Payment shall remain in full force and effect.

Section 2. Lack of Conditions Precedent to Enforcement. Without limiting the generality of Section 1 hereof, but subject to Section 3 hereof, the Guarantor specifically agrees that it shall not be necessary or required, and that it shall not be entitled to require, that the Lessor file suit or proceed to obtain or assert a claim for personal judgment against the Lessee for the Obligations or make any effort at collection of the Obligations from the Lessee or foreclose against or seek to realize upon any security now or hereafter existing for the Obligations or file suit or proceed to obtain or assert a claim for personal judgment against any other party liable for the Obligations or make any effort at collection of the Obligations from any such other party or exercise or assert any rights in connection with the Obligations or any security or other guarantee therefor or assert or file any claim against the assets of the Lessee or other person liable for the Obligations, or any part thereof, before or as a condition of enforcing the liability of the Guarantor under this Guarantee Agreement or requiring payment of said Obligations by the Guarantor hereunder, or at any time thereafter.

Section 3. Notice, Cure, Etc.

(a) The Lessor agrees that prior to any exercise of any remedies hereunder or under Section 24 of the Lease, the Lessor shall give the Guarantor at least 10 Business Days' prior written notice (such 10 Business Days following the giving of such notice, the Notice Period) specifying each Event of Default which has occurred and is continuing under the Lease, and if any such Event of Default is caused in whole or in part by the nonpayment of any Lease Payment then due and payable the Lessor shall allow any applicable grace period under the Lease to lapse.

(b) During the Notice Period the Guarantor shall cure any Event of Default which has occurred and is continuing. If pursuant to this Section 3 the Guarantor is required to pay or perform, or cause to be paid or performed, any Obligations of the Lessee and the Guarantor fully complies with its obligations hereunder, the Guarantor shall have the right, upon written notice to the other parties hereto, to (1) assign the rights and obligations of the Lessee under the Lease to any affiliate of the Guarantor which is a railroad company incorporated in the United States of America or any state thereof or the District of Columbia or (2) terminate the Lease and to enter into a new lease (containing the same terms and conditions as the Lease) with the Lessor and such affiliate, as lessee, in which event all the provisions and benefits of this Guarantee Agreement shall apply to the obligations of such affiliate under the

Lease or such new lease and the Lessor agrees it will cooperate to effectuate any documentation which may be necessary to accomplish the foregoing in a manner which will preserve the rights of the Lessor, all the expenses of which shall be for the account of the Guarantor.

SECTION 4. Absolute Guarantee. The Obligations of the Guarantor under this Guarantee Agreement shall be absolute and unconditional and shall remain in full force and effect until the Obligations shall have been fully discharged and shall not be released or discharged for any reason whatsoever, including, without limitation, the following: (i) the waiver by the Lessor of the performance or observance by the Lessee of any of the agreements, covenants, terms or conditions contained in the Lease, or any default thereunder, (ii) the extension of time for payment by the Lessee of any sums or any part thereof owing or payable under the Lease, or of the time for performance by the Lessee of any other obligations under or arising out of or on account of the Lease, or the extension or renewal of the Lease; (iii) any failure, omission or delay of the Lessor to enforce, assert or exercise any right, power or remedy conferred on the Lessor in the Lease, or any action on the part of the Lessor granting extension or indulgence in any form, (iv) any transfer or assignment by the Lessee or the Lessor of its interest, or any part thereof, in and to any Leased Equipment, (v) any compromise, settlement, release, renewal, extension, indulgence, change in, waiver or modification of any of the Obligations or the release or discharge of the Lessee from the performance or observance of any of the Obligations by operation of law, (vi) any assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of the Lessee in the Lease or in any Leased Equipment, (vii) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets and liabilities of, or the voluntary or involuntary receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting the Lessee or the disaffirmance of the Lease in any such proceeding or, (viii) any delay or inability of the Guarantor in accomplishing the assignment or termination of the Lease or any other act contemplated by the second sentence of Section 3(b) hereof, or (xi) any other circumstance which might otherwise constitute a legal or equitable defense or discharge of the Guarantor's Obligations hereunder.

SECTION 5. Representations and Warranties. The Guarantor represents and warrants for the benefit of the Lessor that:

(i) the Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the power and authority to own or lease its properties and to carry on its business as now conducted and as contemplated hereby;

(ii) this Guarantee Agreement has been duly authorized, executed and delivered by the Guarantor and is the legal, valid and binding obligation of the Guarantor, enforceable against it in accordance with the terms hereof;

(iii) no authorization, consent or approval of any governmental authority is necessary for the execution, delivery or performance by the

Guarantor of this Guarantee Agreement, or if any such consent or approval is required, it has been duly given or obtained.

(iv) neither the execution, delivery or performancy by the Guarantor of this Guarantee Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provisions of any law, governmental rule or regulation or the charter documents, as amended, or by-laws, as amended, of the Guarantor or any order, writ, injunction or decree of any court or governmental authority against the Guarantor or by which it or any of its properties is bound, or of any indenture, mortgage or contract or other agreement or instrument to which the Guarantor is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder; and

(v) there are no suits or proceedings pending or, to the knowledge of the Guarantor, threatened in any court or before any arbitrator, regulatory commission, board or other governmental administrative agency against or affecting the Guarantor which are likely to have a material adverse effect on the business or operations of the Guarantor or its ability to fulfill its obligations under this Guarantee Agreement.

SECTION 6. Covenants. The Guarantor covenants and agrees that from and after the date hereof and so long as this Guarantee Agreement shall remain in effect the Guarantor will deliver to the Lessor on or prior to the earliest date of any certificate of acceptance in respect of any Hulk delivered to the Lessor pursuant to the Hulk Purchase Agreement and each Closing Date (as such term is defined in the Lease), an opinion of the counsel for the Guarantor in form and in substance reasonably satisfactory to the Lessor and counsel to the Lessor covering the matters set forth in Section 5 hereof.

SECTION 7. Payments. All payments to be made by the Guarantor hereunder shall be made at the place of payment specified in the Lease or at such other places as the Lessor shall have designated by written notice delivered in accordance with Section 12(a) hereof, in United States dollars and such funds as are specified for payments in the Lease. Upon payment by the Guarantor of any of the Lease Payments, the Guarantor shall be subrogated to all right, title and interest of the Lessor with respect thereto and to the extent thereof. Payment by the Lessee or the Guarantor (or either of them) of any of the Lease Payments shall, to the extent paid, dispose of any claim hereunder with respect thereto, provided, however, that unless and until all Lease Payments which are overdue shall have been paid, the Guarantor shall not claim or enforce any right of subrogation, reimbursement or indemnity against the Lessee.

SECTION 8. Extent of Guarantee. Notwithstanding anything in this Guarantee Agreement to the contrary, the obligations of the Guarantor hereunder are not intended as, and do not constitute, a guarantee of the residual value of the Leased Equipment. This Guarantee Agreement shall not be deemed to create any right in any person other than the Lessor nor be construed in any respect to be a contract in whole or in part for the benefit of any person other than the Lessor except as provided herein.

SECTION 9. Acknowledgement of Agreement. The Guarantor acknowledges that it is fully aware of, and consents to the terms and conditions of, the

Lease, the Purchase Documents and each other document delivered or to be delivered pursuant thereto.

SECTION 10. Merger, Sale, etc. Upon any consolidation or merger of the Guarantor with or into any other corporation or corporations (whether or not affiliated with the Guarantor), or successive consolidations or mergers in which the Guarantor or its successor or successors shall be a party or parties, or upon any sale or conveyance of all or substantially all of the property of the Guarantor to any other person, the Guarantor will cause the due and punctual performance and observance of all covenants and obligations of the Guarantor hereunder to be assumed by the corporation (if other than the Guarantor) formed by such consolidation, or the corporation into which the Guarantor shall have been merged or by the person which shall have acquired such property.

SECTION 11. Assignment. Upon receipt of written notice of any assignment by the Lessor of this Guarantee Agreement, or any portion of its interest herein, to any assignee (Lessor's Assignee), the Guarantor shall acknowledge receipt of such written notice and thereupon shall be deemed to have acknowledged and consented to such assignment. With respect to such assignment, the Guarantor agrees:

(i) that, to such extent as the Lessor's notice of such assignment shall indicate, all rights of the Lessor with respect to this Guarantee Agreement shall be exercisable by the Lessor's Assignee and all payments to be made by the Guarantor hereunder, to the extent of such assignment, shall be paid directly to the Lessor's Assignee; and

(ii) to execute and deliver such other documents as the Lessor or the Lessor's Assignee may reasonably request.

SECTION 12. Miscellaneous.

(a) Except as expressly otherwise provided herein, all notices, requests, demands or other communications to or upon the parties hereto, shall be deemed to have been duly given or made when signed by an appropriate officer or other representative and delivered to the party to which such notice, request, demand or other communication is required or permitted to be given or made hereunder at the addresses of the parties specified below, or to such other address as any of such parties may hereafter specify to the other in writing when mailed, postage prepaid by First Class Mail, certified and addressed to the address specified below.

(b) The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Lessor would otherwise have. No waiver of any of the terms and conditions of this Guarantee Agreement and no notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in similar or other circumstances or constitute the waiver of the rights of the Lessor to any other or further action in any circumstances without notice or demand.

(c) This Guarantee Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of Illinois.

(d) This Guarantee Agreement may not be changed orally but only by an instrument in writing signed by the Guarantor and the Lessor.

IN WITNESS WHEREOF, the Guarantor and the Lessor have caused this Guarantee Agreement to be duly executed and delivered by their duly authorized officers or representatives as of the dates set forth below.

GRAND TRUNK CORPORATION,
as Guarantor

By: _____

(Typed or Printed Name)

Title: _____

Date: _____

Address: 477 Congress Street
Portland, Maine 04104
Attn: Corporate Secretary

Accepted:

WILLIS-JENKINS, INC.,
as Lessor

By: _____

(Typed or Printed Name)

Title: _____

Date: _____

Address: 1111 Lake Cook Road
Suite 225
Buffalo Grove, Illinois 60090
Attn: President

Definitions

As used in the Guarantee Agreement to which this Attachment 1 is attached, the following terms shall have the meanings herein specified and shall include in the singular number the plural and in the plural number the singular:

"Business Day" shall mean any day other than a Saturday or Sunday or other day on which banks in the Cities of Chicago, Illinois or Detroit, Michigan are authorized to close.

"Event of Default" shall have the meaning set forth in Section 23 of the Lease.

"Hulk" shall have the meaning ascribed to such term in the Hulk Purchase Agreement.

"Hulk Purchase Agreement" shall mean the Hulk Purchase Agreement dated as of October 1, 1985 between the Lessee, as Seller, and the Lessor, as Buyer.

"Lease" shall mean the Master Equipment Lease dated as of October 1, 1984 between the Lessee and the Lessor.

"Lease Payments" shall mean each payment of Rent as such term is defined in the Lease including, but not limited to, indemnity payments under Sections 19, 21 and 22 of the Lease and each payment of rent required to be paid by the Lessee during the renewal term if the Lessee exercises the renewal option contained in Section 16 of the Lease.

"Leased Equipment" shall mean the Items of Equipment (as defined in the Lease) subject to the Lease at any given time.

"Lessee" shall mean Grand Trunk Western Railroad Company, and shall include the Lessee's successors and assigns under the Lease.

"Lessor" shall mean Willis-Jenkins, Inc., and shall include the Lessor's successors and assigns under the Lease and any "Lessor's Assignee" as such term is used in Section 15(b) of the Lease.

"Notice Period" shall have the meaning ascribed to such term in Section 3 hereof.

"Obligations" shall mean any and all obligations of the Lessee which are set forth in subparagraphs (a) and (b) in the first paragraph of Section 1 of this Guarantee Agreement and which are guaranteed hereunder by the Guarantor.

"Purchase Documents" shall mean the documents described in Exhibit D to the Lease.

EXHIBIT F
To Lease

HULK PURCHASE AGREEMENT

Dated as of October 1, 1984

Between

WILLIS-JENKINS, INC.,
as Buyer

and

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Seller

HULK PURCHASE AGREEMENT

By

Grand Trunk Western Railroad Company

As of October 1, 1984

Willis-Jenkins, Inc.
1111 Lake Cook Road
Suite 225
Buffalo Grove, Illinois 60090
Attention: President

Gentlemen:

Grand Trunk Western Railroad Company, a corporation organized under the laws of the states of Michigan and Indiana (the "Seller"), owns the railroad equipment described in Exhibit A hereto (the "Hulks"). The Seller desires to sell the Hulks and Willis-Jenkins, Inc., an Illinois corporation (the "Buyer") desires to purchase the Hulks for the Purchase Price set forth in Exhibit A (the "Purchase Price").

The Seller will, from time to time, prior to delivery of such Hulks to Quality Service Railcar Repair Corporation in its capacity as builder (the "Builder"), for reconstruction pursuant to the direction and specifications of the Buyer, as provided in the Purchase Order (the "Purchase Order") which is attached to the Purchase Order Assignment dated as of the date hereof between the Buyer and the Seller, deliver to the Buyer a bill or bills of sale (a "Bill of Sale") transferring title to a group or groups of Hulks and warranting that at the date of such Bill of Sale the Seller had legal title to such Hulks and good lawful right to sell the same and that title to such Hulks transferred to the Buyer by such Bill of Sale was free of all claims, liens, security interests, security title and other encumbrances of any nature whatsoever (other than any created by the Master Equipment Lease (the "Lease") dated as of the date hereof between the Seller, as Lessee and the Buyer, as Lessor). On or after the date of such Bill of Sale, the Seller will deliver the Hulks in such group or groups to an authorized representative of the Buyer at such point or points within the United States of America as shall be specified by the Seller. The Buyer hereby appoints the Seller (and any employee thereof designated by the Seller) as its agent for acceptance of the Hulks; provided, however, that the Seller is not authorized to accept delivery of any Hulk (i) that is not economically fit for reconstruction in accordance with the Purchase Order; (ii) after written notice from the Buyer that such authority has been terminated; or (iii) after December 31, 1984. The sale and delivery of the Hulks pursuant to this Agreement shall commence as soon as practicable and shall be completed on or before such date as shall permit the completion of reconstruction of each Hulk by February 28, 1985.

If and to the extent that any Hulk is not reconstructed and accepted

pursuant to and in accordance with the Lease on or before March 31, 1985 (a "Noncompleted Hulk"), all rights and interests of the Seller in and to such Hulk, including the reconstructed portions thereof, if any, shall immediately, without further action, be released and transferred to the Buyer, and the Seller shall promptly deliver such Noncompleted Hulk to the Buyer, at such place as shall be specified by the Buyer, free and clear of all liens, claims and encumbrances of the Seller or any other person, and thereafter the Buyer or any agent shall either (a) sell such Noncompleted Hulk in a commercially reasonable manner or (b) retain such Noncompleted Hulk for its own use or for further reconstruction, lease, future sales or other disposition. If such Noncompleted Hulk shall be sold pursuant to clause (a) above, the net proceeds of such sale shall be applied first, to the payment of all costs and expenses, including legal fees, of the Buyer incurred in connection with such repossession and sale, second, to reimburse the Buyer for the Purchase Price of such Noncompleted Hulk, third, to reimburse the Builder for its reasonable reconstruction expenses incurred in connection with such Noncompleted Hulk and fourth, the balance, if any, to the Buyer. If such Noncompleted Hulk shall be retained pursuant to clause (b) above, the Buyer shall determine the fair market value of such Noncompleted Hulk (determined on an "as is, where is" basis), deduct from such value the amount of the Purchase Price of such Noncompleted Hulk and all costs and expenses of the Buyer in connection with such repossession and determination and, to the extent that any amount of such value remains, pay to the Builder the amount set forth in clause third above.

Notwithstanding anything to the contrary contained herein; the Buyer shall have no obligation to accept any Hulk which is delivered hereunder after (i) any Event of Default as defined in the Lease or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in Section 23(e) thereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an Event of Default thereunder shall have occurred, (ii) the Buyer shall have delivered written notice to the Seller that any of the conditions contained in Section 6 of the Lease have not been met or waived, or (iii) there shall have been a material adverse change in the financial condition, business or operation of the Lessee or the Guarantor from that which existed on June 30, 1984.

The Buyer at the time hereafter specified will pay to the Seller the Purchase Price of each Hulk subject to all terms and conditions of this Agreement, including without limitation the receipt by the Buyer, on or prior to the date of delivery of such Hulk hereunder of (a) the Bill of Sale with respect thereto specified in the second and sixth paragraphs hereof, (b) a certificate or certificates of acceptance (a "Certificate of Acceptance") signed by the Buyer's authorized representative stating that the Hulks in such group have been delivered to and accepted on behalf of the Buyer, (c) an invoice or invoices with respect to such Hulks and (d) a written opinion of counsel for the Seller dated the date of such Bill of Sale, addressed to the Buyer, and stating that such Bill of Sale is valid and effective to transfer the Seller's title to such Hulks free of all claims, liens, security interests and other encumbrances (other than any created by the Lease) and that no filings, recordings, registration or other action (other than the filing of this Agreement pursuant to 49 U.S.C. Section 11303) is necessary to establish, perfect and protect such title of the Buyer.

Each such Bill of Sale shall contain the following information with respect to each Hulk covered thereby: quantity, description, the Seller's identifying numbers and place of delivery. Subject only to the conditions set forth in this Agreement and in Section 6 of the Lease, the Buyer will pay the Purchase Price of each Hulk delivered and accepted as aforesaid to the Seller either on (i) the Closing Date (as defined in the Lease) relating to such Hulk or (ii) March 31, 1985, whichever is earlier.

The Buyer may assign and/or transfer any or all of its rights under this Agreement and/or any or all of its rights to possession of any of the Hulks. Any such assignment or transfer may be made by the Buyer without the assignee or transferee assuming any of the obligations of the Buyer hereunder. All of the rights of the Buyer hereunder shall inure to the benefit of the Buyer's assigns. The Buyer hereby agrees to provide the Seller with prompt notice of any such assignment.

Notwithstanding the delivery of any Bill of Sale hereunder, the Seller agrees that all responsibility with respect to any Hulk covered by such Bill of Sale, its use and operation and risk of loss thereof, shall remain with the Seller until such Hulk is delivered to the Builder as provided in the Purchase Order, and the Seller agrees to indemnify and hold the Buyer harmless from any claim made against the Buyer solely by reason of the transfer of title to the Hulks or with respect to the validity of such title. Upon such delivery and acceptance, all responsibility and risk of loss with respect to such Hulk shall pass to the Buyer. As of the date of such delivery and acceptance, the Buyer shall be unconditionally obligated to purchase such Hulk, without any right to a reduction in or setoff against the price thereof by reason of any past, present or future claims against the Seller under this Agreement, the Lease or otherwise.

In the event that any Hulk is not so delivered to the Buyer as provided herein after the date of any Bill of Sale with respect thereto the Buyer will assign to the Seller, without warranty of any kind, whatever right, title and interest the Buyer may then have in such Hulk and such Hulk shall thereafter be excluded from the provisions of this Agreement.

The Seller hereby represents and warrants to the Buyer, its successors and assigns, that this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration.

The terms of this Agreement and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that the parties hereto all sign the same counterpart as long as each

party shall sign a counterpart and such counterpart is delivered to each party or its counsel, whereupon this Agreement shall become effective.

Very truly yours,

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Seller

Attest: _____

By: _____

(Typed or Printed Name)

(Typed or Printed Name)

Title: _____

Title: _____

(Corporate Seal)

Address: 131 West Lafayette Blvd.
Detroit, Michigan 48226
Attention: Corporate Secretary

Accepted as of the date
first set above.

WILLIS-JENKINS, INC.,
as Buyer

Attest: _____

By: _____

(Typed or Printed Name)

(Typed or Printed Name)

Title: _____

Title: _____

(Corporate Seal)

Address: 1111 Lake Cook Road
Suite 225
Buffalo Grove, Illinois 60090
Attention: President

STATE OF MICHIGAN)
) ss.:
COUNTY OF WAYNE)

On the ____ day of _____ 1984, before me personally appeared _____, who, being by me duly sworn, did say that he/she is an Authorized Officer of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation, by authority of its by-laws and by resolution of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

(NOTARIAL SEAL) My Commission Expires: _____

STATE OF ILLINOIS)
) ss.:
COUNTY OF COOK)

On the ____ day of _____ 1984, before me personally appeared _____, who, being by me duly sworn, did say that he/she is an Authorized Officer of WILLIS-JENKINS, INC., that one of the seals affixed to the foregoing instrument is the seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation, by authority of its by-laws and by resolution of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

(NOTARIAL SEAL) My Commission Expires: _____

HULK PURCHASE AGREEMENT

Exhibit A

<u>Quantity</u>	<u>Description</u>	<u>Bearing Road Numbers</u>	<u>Purchase Price</u>	
			<u>Per Unit</u>	<u>Total</u>
100	60' 70 ton friction bearing box cars	Selected from the series GTW 383000 through GTW 383248	\$2,000.00	\$200,000.00

* It is agreed that, notwithstanding anything to the contrary contained in this Exhibit A or in the Hulk Purchase Agreement to which this Exhibit A is annexed ("this Agreement"), this Agreement will only cover Hulks delivered by the Seller and accepted by the Buyer on or after the date hereof, and on or before December 31, 1984. After delivery of all the Hulks covered by this Agreement, if necessary, this Exhibit A will be appropriately amended to describe only those Hulks covered by this Agreement.